

THE TICKER INVESTMENT DIGEST

Investment: The placing of capital in a more or less permanent way, mainly for the income to be derived therefrom.

Speculation: Operations wherein intelligent foresight is employed for the purpose of deriving a profit from price changes.

Vol. 6

OCTOBER, 1910

No. 6

Studies in Stock Speculation

By ROLLO TAPE

Author of "Studies in Tape Reading."

XII.—A Practical Stop Order Method

IN the early part of this series we gave some suggestions as to the interpretation of line charts. The same principles mentioned then as well as those in the succeeding "Studies" are found to apply in the interpretation of practically all forms of charts, the oldest and probably the most popular being the line chart.

If a chart of any kind is to be used as a basis for trading a definite method should be laid out and closely followed. It is easy to see from almost any chart whether the trend is up or down, the location of the resistance points, former tops, bottoms, etc., but there is no use in merely observing these things. We must put them to practical use—we must turn them into money; otherwise chart reading becomes simply a form of amusement.

Old timers in the stock market used charts principally to record former tops

and bottoms, and their plan of operation was to sell whenever the stock made a double or triple top and to buy on a double or triple bottom. Sometimes they reversed their positions on a "break through," sometimes not.

Our idea is that a number of methods can be worked out from almost any chart, some easy, others rather complicated. The principal guides in any of these chart methods are the resistance points and the "break throughs." An important factor is the stop order, for the reason that any method except "playing panics" will necessitate the taking of frequent losses, the whole object being to have profits exceed these losses after commission, tax and interest charges are paid. Any one who is unable to take losses, sometimes several in succession, and keep right on trading, should never attempt to use any of these methods.

In Chapter II of this series we stated

that no *purely* mechanical method of trading could be set forth. At that time we merely intended to show the principles upon which methods might be built; but as practical examples are of so much greater value than hints and suggestions, certain more or less valuable mechanical aids to speculation will be found herein.

We have said that it is easy to figure out these methods, but it is not so easy to play them. There are very few men in Wall Street to-day who can stick to any method through thick and thin. It would be easier to accomplish this if the trader would shut himself up in a room where he could not see a ticker and where no news or gossip of any sort filtered in, so that nothing could influence him during the market session. A further precaution might be his total abstinence from reading the newspapers. Then if he is trading in Reading he could have some one call him up on the 'phone when Reading reached certain points which he wished to record on the chart, and when the proper time was reached he could give his orders by telephone. This would make him a mere machine; his trading would be as near mechanical as it could possibly be.

But let the same man watch a ticker, inhabit a broker's office during the day, and read the newspapers morning and night, and the result will be frequent departures from his plan. "Judgment" should not enter, and if his plan is based on a chart of one stock only, what other stocks are doing should be no concern of his.

On page 169, Volume II of THE TICKER was printed a "Stop Order Method." It is a good method and should make money for any one who follows it consistently*. We will show the plan, make some criticisms, and then suggest some improvements. It requires that the trader "be either a bull or a bear as suggested by judgment based on broad market influences." This is presumably the strong point of the method, but it seems to us more of a stumbling block than anything else, because human judgment when combined with

a plan of this kind is liable to produce an incongruous mixture. If we are to use such a plan, suppose we build methodically, and instead of trusting our judgment of "broad market influences," rely upon the indications given in our study of the Dow-Jones averages. (See numbers VII and X of this series.) This will give us the trend, which is our starting point.

Of course, if we should happen to begin trading in a panic, we must of necessity be bulls at least until contrary indications are perceived, but if we are to start at any point between these extremes, we had better first learn to interpret the above mentioned figure chart. Having accomplished this, and decided whether we are to operate on the bull or bear side, let us proceed to the next point.

The method calls for a one point line chart for "guidance and record" and shows all movements and reactions of one point or more. That is: if you start your line chart at 50 and the stock rises to 50 $\frac{7}{8}$ you do not record anything, but if the rise continues to 51, 51 $\frac{1}{4}$, 51 $\frac{1}{2}$, 51 $\frac{3}{4}$, etc., you record the movement on the chart because it amounts to one point or more from the place of beginning. Reactions should be treated in the same way. If the rise stopped at 51 $\frac{3}{4}$ and the reaction came only to 50 $\frac{7}{8}$, then turned up again to above 51 $\frac{3}{4}$, say to 53, the $\frac{7}{8}$ reaction would not appear on this chart. (I trust that some of my readers will pardon what seem to be unnecessary explanations, but if they could look over some of the inquiries which come in to me asking further elucidation of points which appear to be absolutely simple, they would see the necessity therefor.)

Having drawn your chart for a sufficient period to give you a starting point, original instructions are to trade as follows: If you are a bull trade only when the rules indicate purchases; if a bear, only when the rules suggest short sales. Supposing you decide to operate only on the bull side in accordance with the indications of your average figure chart, you proceed as follows: When your stock has moved up a point or more, wait for the reaction of that par-

* Only a few weeks ago one subscriber wrote that he had made \$1,000 by following this method in a small way.—Ed.

ticular movement. After the reaction has terminated (the reaction must be one point or more, remember), and a second movement has progressed one point from the ending of said reaction, you buy.

Assuming that your stock starts upward from 50 and goes to $51\frac{1}{2}$, it will have to come back to $50\frac{1}{2}$ in order to make the one point reaction. It comes back to $50\frac{1}{4}$ and then turns upward once more; at this stage you know that when the stock reaches $51\frac{1}{4}$ you must buy. If you are in a broker's office you buy at the market as soon as $51\frac{1}{4}$ is reached. If you are obliged to be away from the Street, having arranged with some one in the broker's office to keep you posted, your order should be given thus:

"Buy 100 XYZ at $51\frac{1}{4}$ stop," which means that when $51\frac{1}{4}$ is reached on second upturn, your order will be executed at the market.

It may be well to explain that you can place a stop order whether you are long, short, or out of the market entirely. The placing of a stop does not mean that you are either long or short; it is an order for your broker to buy or sell as soon as that figure is reached as represented by a transaction on the New York Stock Exchange in 100 shares or multiple thereof.

Each transaction is protected at the start with a two point stop order so that your loss on any trade cannot be more than this amount plus commission and tax. The instructions further read "after the second movement of a point or more has reacted and the third movement progresses, trade again, providing the second reaction did not reach as low as the first; that is if you are working on the bull side." In other words, you do not trade again unless the trend continues to assert itself. This means that the chart must show an upward trend or the rules will not allow you to pyramid.

If the movement continues in the desired direction, your stop order is to be moved up as follows:

"After two points profit exists, move the stop to the purchase price; after four points move to two points above the

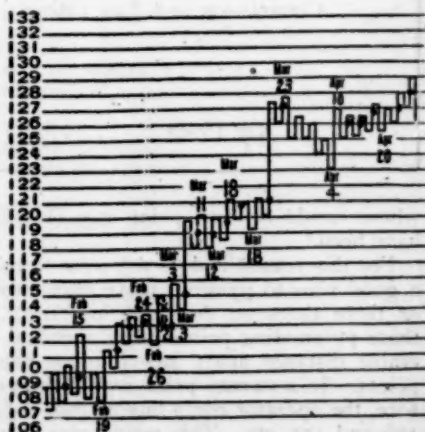
purchase price; after eight points to six above; after twelve to eight above; after sixteen to twelve above; after twenty to fourteen; after twenty-six to twenty, after thirty-two to twenty-five, etc."

It will be seen by this that each trade is made independent of the others, the plan being to go with the trend, trading as often as new indications appear, and allow profits to run indefinitely, restricting initial losses to two points and protecting profits so as to let them run into big figures if they will.

The originator of this plan claims that "rarely will there be more than three consecutive losses. There will be more winning than losing trades, and in a narrow market, many that will break even." Over trading is to be checked by limiting the possible loss at any time to ten per cent. of the capital.

There is a good deal of merit in this plan, also numerous danger points which apparently have not been observed. In the first place we hardly see how one can limit losses to ten per cent. of his capital if he pyramids several times, even though the initial loss on each transaction is confined to two points. The plan permits one to pyramid at a higher level than the previous, or at the same level or at a lower level. We reproduce the chart which accompanied this plan in order that its weak points may be studied.

Dots represent the points at which



American Sugar, 1908

trades are to be made. The first trade is made at $109\frac{3}{8}$; the next at about $109\frac{3}{4}$; the third at about $111\frac{1}{2}$; the fourth at 113; the fifth at $113\frac{3}{8}$; the sixth at 113 ex-dividend. The operator now has six trades on hand, having carried them for the greater part of the month. At any time during this period there might have come an over-night catastrophe on which Sugar might have opened down five or ten points; then

position. The majority of people would prefer to trade in only one lot, omitting the pyramiding process altogether. This, perhaps, is the safest plan.

Looking over the chart of U. S. Steel common, printed in Vol. V., No. 6 of THE TICKER, we find that the plan worked out very well. Assuming that the trader became a bull on January 1, 1909, his judgment being based on the Dow-Jones averages, his trades would

Operations in U. S. Steel, on the Bull Side throughout 1909, and on the Bear Side, Jan. 1 to Mar. 9, 1910.

		Points.	
Buy.	Sell.	Loss.	Profit.
$52\frac{3}{8}$	$52\frac{3}{8}$	..	..
53	51	2	..
43	43	..	..
$44\frac{5}{8}$	$50\frac{3}{8}$	..	6
$52\frac{3}{8}$	$64\frac{3}{8}$	..	12
$65\frac{1}{4}$	$73\frac{3}{4}$	..	$8\frac{1}{2}$
$74\frac{1}{2}$	$76\frac{1}{2}$	..	2
75	77	..	2
79	91	..	12
$89\frac{1}{4}$	$87\frac{1}{4}$	2	..
$89\frac{3}{4}$	$89\frac{3}{4}$	..	..
$91\frac{1}{4}$	$89\frac{1}{4}$	2	..
$88\frac{5}{8}$	$86\frac{5}{8}$	2	..
$87\frac{3}{4}$	$89\frac{3}{4}$	..	2
$86\frac{1}{2}$	$88\frac{1}{2}$	..	2
$84\frac{1}{4}$	$84\frac{1}{4}$	..	..
$81\frac{1}{2}$	$81\frac{1}{2}$	..	..
$77\frac{1}{2}$	$75\frac{1}{2}$	2	..
82	80	2	..
Commission and Tax (about).....		$5\frac{1}{8}$	..
		<hr/>	<hr/>
		$17\frac{1}{8}$	$46\frac{1}{2}$
			<hr/>
Net Profit			$29\frac{3}{8}$ points

where would his two point stop orders have been?

For this reason it does not seem to us a good plan to pyramid more than two or three times on the same movement, these pyramiding points being a considerable distance apart, say four or five points. In a twenty point swing, therefore, the operator could buy at 160, 165, 170 and 175, etc. This would give him four lots and place him in a much safer

have been made on the long side of Steel up to January 2, 1910. At this time he turned bearish, continuing on the bear side until March 9, 1910, which is the last date shown on the chart.

In using this chart one almost needs a magnifying glass to see whether the tops and bottoms of the small swings are made on the $\frac{1}{8}$'s, $\frac{1}{4}$'s, or other fractions, and even then he will not be absolutely correct in his chart reading, but the

chart is clear enough to illustrate roughly what we are trying to demonstrate: that money can be made in following a method of this kind.

Transactions made on this plan are given in the accompanying table, allowing for stop orders placed as above directed.

With these instructions the same plan can be tested, using any chart desired, provided it is that of an active stock in which there is a broad market, so that the stop orders can be executed close to the desired price. There will, of course, be a difference between "paper plays" and those actually made in the market. It is not always possible to have stop orders executed at the stop price, as wide variations at the openings must be allowed for; but even with these objections there should be a comfortable profit on the year's operations.

Had the trader started to trade in Steel as above at the worst time during the whole period, he would have taken

three consecutive losses of two points each, and one trade on which there was neither profit nor loss. The commissions on these four trades would have amounted to another point, making seven points as the limit of his loss before profits began to show. Some of my readers may think that these results are accidental—that the plan just happened to work at this particular time and might not during other periods.

We have not tested this method through a number of years, but have no doubt that it will work successfully on the average, as its principles are correct. Any one is at liberty to make his own test, taking different stocks and going as far back as he likes, and during as difficult situations as can be found, so that he will know the very worst that is to be encountered when operating under this method.

A further development of the above plan will be explained in the next issue.

A Song of the Ticker

By SUSIE M. BEST

OH, the ticker, oh, the ticker,
How it makes me long to dicker
With the fascinating tape.

Oh, the ticker, oh, the ticker,
How I yearn to get rich quicker,
And from penury escape.

Oh, the ticker, oh, the ticker,
How it sometimes makes me sicker
Than a dope-bewildered ape.

Oh, the ticker, oh, the ticker,
How it makes my wise friends snicker
When they see me wear the crape.

Oh, the ticker, oh, the ticker,
How my senses reel and flicker
When it hits me in the nape.

Oh, the ticker, oh, the ticker,
When it makes the coin come thicker
How I glow and gasp and gape.

Oh, the ticker, oh, the ticker,
How my jaded nerves get slicker
When I'm winner on the tape.

Prospects for Dividends on Rubber Common

Why They Have Not Been Declared, and Possibilities for the Future

By G. C. SELDEN

UNITED STATES RUBBER common stood at the top of the list in our September "Bargain Indicator," with earnings of 7.8 per cent. on par and 23.6 per cent. on the price. This has brought to THE TICKER numerous inquiries as to why a dividend was not declared and why the stock sells so low in view of its large earnings. To understand the situation fully it is necessary to examine briefly the condition of the company.

The United States Rubber Company was incorporated in 1892, principally for the manufacture of rubber boots and shoes. It then owned a majority interest in nine out of fifteen leading companies in the United States and controlled about one-third of the output. Other companies were acquired from time to time until in 1898 it controlled three-quarters of the total output of rubber boots and shoes in the United States. In 1905-6, by an exchange of stock, it secured a large controlling interest in the Rubber Goods Manufacturing Company—a holding company controlling the principal factories engaged in making all kinds of rubber goods except boots and shoes—such as rubber tires, hose, belting, druggists' sundries, etc.

GETTING "NEARER TO THE TREE."

In 1904-5, in order to provide independent facilities for procuring supplies of crude rubber, the United States Rubber Company organized the General Rubber Company, which established warehouses in Para, Manaus, London, Liverpool, etc., and obtained concessions covering crude rubber properties in Brazil and Sumatra. The United States Rubber Company is far the largest consumer of crude rubber in the world and carries in stock at all times millions of dollars worth. Early in 1910 it was reported to have on hand a nine months' supply for all its factories.

The table given herewith summarizes the company's business and brings out a number of interesting points. The columns headed "Net Sales" and "Operating Profits" refer to the business of the United States Rubber Company proper—the boot and shoe department. "Other Income" is composed mostly of dividends received from the Rubber Goods Company.

A PHENOMENAL INCREASE IN PROFITS.

The most noticeable feature of the table is that, although "Net Sales" have

Sales and Income of U. S. Rubber Co.

Year end/g Mar. 31.	Net Sales.	Operating Profits.	Other Income.	Balance after Interest.	Surplus for Common.
1902....	\$25,436,000	\$474,000	\$708,000	.....	.....
1903....	28,276,000	2,531,000	242,000	\$1,342,000	.....
1904....	33,396,000	2,642,000	187,000	1,575,000	.....
1905....	32,931,000	5,020,000	161,000	3,761,000	.....
1906....	32,868,000	4,905,000	379,000	3,881,000	\$1,035,000
1907....	39,715,000	4,658,000	1,561,000	4,590,000	1,104,000
1908....	41,860,000	4,484,000	1,068,000	3,553,000	58,000
1909....	31,889,000	5,608,000	1,157,000	4,507,000	1,008,000
1910....	38,711,000	6,994,000	1,024,000	5,535,000	1,960,000

increased but little since 1904. "Operating Profits" have nearly trebled. Sales for the year ending March 31, 1910, were \$3,000,000 smaller than for 1908, yet the "Operating Profits" were 56 per cent. larger.

While these larger profits in the manufacture of rubber boots and shoes are in part due to improved organization and to more complete arrangements for a steady supply of raw materials at reasonable prices, it seems clear that the chief influence has been higher prices for the finished goods, with perhaps a deterioration in quality. The increase in prices was estimated early in 1910 at 14 per cent. The company claims that prices were not raised to correspond with the great advance in the price of crude rubber; but as an immense stock of rubber had been purchased at relatively low prices before the sensational advance began, it is likely that the net result was a large increase in the profits of the company.

Another surprising figure is the "Other Income" of \$1,024,000 for 1910—the smallest since 1906, in spite of the tremendous demand for automobile tires. The sales of the Rubber Goods Manufacturing Company for the year ending December 31, 1909, were \$25,629,000, against \$18,491,000 for the preceding year—"the larger part of this increase being in automobile tires," to quote from the annual report. Evidently the Rubber Goods Company did not see fit to declare all its profits as dividends. In fact, the report tells us that the United States Rubber Company's share of the undivided earnings of subcompanies not included in the treasurer's report would have been about \$1,700,000. Moreover, a \$500,000 "reserve for contingencies" was established. If these items had been included in the surplus available for the common stock that surplus would have been \$4,160,000—16.6 per cent. on par or 50 per cent. on the price of 33!

THE OTHER SIDE.

In view of the company's large stocks of crude rubber the following paragraph from the annual report is of interest:

"There probably has been no period

since rubber became an article of general and important use (following the discovery of its vulcanization by Charles Goodyear in 1838), when it has been so much talked of on both sides of the Atlantic as during the past year. The causes of this are the unprecedentedly high price of the article—(fine Para and Ceylon rubber having reached about \$3 a pound as against a normal price of about \$1 a pound) and the formation of numerous companies, chiefly in London, to operate plantations in Ceylon, Sumatra, Java, Borneo and the Malay Peninsula. The profits of those plantations that are in bearing are very great—the market price of the rubber at the present time being eight to ten times the cost of production there, the Brazilian product now selling here for at least three times its cost of production. Though undoubtedly in some instances speculation in the securities of these companies has enhanced the price of their shares beyond reason, the future nevertheless promises, in the absence of some unforeseen calamity, good returns from investments made for the cultivation of the rubber tree in the "Far East," even when rubber shall have returned to normal prices, which it will undoubtedly do when production shall have overtaken the consumption of the article. With almost unlimited forests of native rubber trees in Brazil and other tropical countries and an almost unlimited area in the "Far East," upon which the rubber tree can be successfully cultivated, it would seem that rubber cannot be maintained indefinitely at a price from three to ten times the cost of production."

There has already been a sharp decline from the abnormal price of \$3.05 a pound for rubber which was reached during the boom. At this writing the price is about \$1.85. The company was able to profit largely from the advance—will it suffer correspondingly from the decline? Presumably not, as its sources of supply have enabled it to avoid, for the most part, purchases at unreasonable prices; yet it is quite likely that it will not be able permanently to maintain prices of its finished goods at the present level.

Again, the question of the amounts

charged off for depreciation of plants is wrapped in much mystery. In 1909, \$1,354,000 was charged off, and in 1910 a "reserve for contingencies" of \$500,000 was set aside. We are left without information as to the position of the numerous subsidiary companies. They may have regularly applied earnings to additions and improvements or they may have permitted their properties to run down. It seems probable, however, in view of the large business the company has been doing, that it has been necessary to maintain the various plants at a fair standard of efficiency.

In December, 1909, the stock of the Revere Rubber Company was purchased at a price of 200, which may or may not prove to have been reasonable. The former general manager of the Revere Company was made president of the Rubber Goods Manufacturing Company.

ECONOMY OF CONSOLIDATION.

Undoubtedly a large part of the increasing profits of the company has been due to the economy of consolidation and organization, and to the controlling position of the company in the trade. Prospects for dividends on the common stock are summarized by the president as follows:

"The earnings of the company the past year, considered by themselves, would seem to warrant some division to the common stockholders, and, were it not for the abnormally high price of crude rubber existing and the consequent requirement of a much larger sum of money to purchase and carry the same, your president would feel warranted in recommending a dividend upon the common stock at the present time."

Stops and Brains

How Can the Two Be Combined to Yield Reasonable Profits on Limited Capital?

By GEORGE P. SMITH

"STOP your losses and let your profits run." Can this maxim, rigidly applied, take the place of brains, and in the long run assure profits regardless of the operator's market judgment?

Let us consider first the case of a man with a 50 per cent. judgment, that is, a judgment so adjusted that whenever he enters the market a two-point profit or a two-point loss is of exactly equal probability, and that, as he continues in the market, the chances for profit and loss continue equal. Suppose he operates mechanically, protecting each venture by a two-point stop and moving his stop two points at a time whenever the market gets four points ahead of it. What will be the result of say 32 purchases of 100 shares each on this basis?

Sixteen of the purchases will be sold under the original stops at a total loss

of \$3,200, and sixteen trades with paper profits of \$3,200 will remain open to take the chances between being sold out at cost or advancing another two points. Eight sales at cost and 800 shares on hand at a paper profit of \$3,200 mark the second stage of our calculations. Following this we find stop order sales of 400 shares at a profit of \$800—200 shares at profit of four points or \$800, and 100 shares at profit of \$600. This leaves on hand 100 shares advanced to a paper profit of \$1,000. To close the series, we assume this to be sold at the market and the profits secured. In tabular form this shows:

Shares Sold	Profit or Loss	Shares On Hand	Paper Profit	Net Change
1,000	\$3,200 L	1,000	\$3,200	0
800		800	3,200	0
400	800 P	400	2,400	0
200	800 P	200	1,600	0
100	600 P	100	1,000	0
100	1,000 P			0

It will be noted that at each stage of this calculation the paper profits added to those accrued on the stop order sales exactly equal the \$3,200 lost on the original stop order sales. Thus we see that the probability of profit or loss from any number of transactions is exactly equal, and exactly in accordance with the assumed equal balance of the operator's judgment. With no profits, of course, the constantly accruing expense for commissions, State taxes and interest will in time exhaust the principal.

We conclude, then, that a stop order system gives no assurance of profit unless the operator has some basis of judgment that will keep him on the right side of the market more than half the time.

Let us examine, now, the result of, say, a thousand operations in ten share lots based upon a 55 per cent. judgment; that is, upon the judgment of a man correct 55 times and mistaken 45 times in every 100, both as to the opening of trades and as to the advisability of continuing in the market. The tabulated results will be:

Shares Sold	Profit or Loss	Shares On Hand	Paper Profit	Net Gain
4,500	\$9,000 L	5,500	\$11,000	\$2,000
2,480		3,020	12,080	1,080
1,360	2,720 P	1,660	9,960	600
750	3,000 P	910	7,280	320
410	2,460 P	500	5,000	180
280	1,840 P	270	3,240	80
270	3,240 P			\$4,260
	\$4,260 P			

At each stage of the calculation for this table 45 per cent. of the stocks on hand are sold on the stop orders. Instead of figuring the result for exactly 45 per cent. the nearest ten is taken in each case, which changes the result a trifle from that theoretically expected. It will be noticed that each of the "Net Gain" detail figures is the difference between \$2 loss from the previous paper profits on each share sold and \$2 additional paper profit on each share remaining on hand. That is, at each stage of the calculation the computed gain and the computed loss are in exact proportion to the assumed accuracy of the operator's judgment (modified only by the change of figures to the nearest ten). The sale of the last 80 shares is supposed to be on an order at the market to secure the accrued paper profits and close out the series.

The expense for commissions and taxes on these 10,000 shares would be \$2,700. This leaves \$1,560 for interest and increase in principal. Six per cent. on a loan of \$300,000 or \$30 a share for 30 days would be \$1,500 and would leave the operator about even. No one could get ahead then on this stop order system unless his market judgment was better than 55 per cent.

NOTE BY THE EDITOR.—This article stops just as we were getting interested. It shows clearly that there is no mechanical advantage in the use of stop orders and that the old adage, "Stop your losses and let your profits run," taken literally, is of very little value. The whole question is *when* to stop the losses and *how far* to let the profits run.

There is, however, another element in the situation besides chance and judgment, and that is prices. If you are trading in a standard railroad stock, for example, your chances of getting 10 points profit before 10 points loss, are very much better just after the stock has had a 50 point decline, than they would be after it had a 50 point advance. This is not judgment, it is mathematics.

If you have what Mr. Smith calls "a 50 per cent. judgment" as to the immediate moves of the market, and then, when your stock is so low as to be on a 6 per cent. income basis, you simply neglect to follow your judgment on the bear side of the market, and follow it only when it tells you to buy, and likewise when the stock is high enough to be on a 4 per cent. income basis, you refuse to follow your judgment on the bull side, but follow it whenever it tells you to sell, you have in each case a percentage in your favor.

The same principle applies to the 10 or 20 point swings in the big speculative stocks. Suppose you have, at any time, a 50 per cent. judgment as to whether a stock will advance 2 points before it declines 2 points; you refuse to follow your judgment except in cases where you can buy after a decline of 10 or more points or sell after an advance of 10 or more points. Then you put in a 2 point stop loss, and if the stock goes in your favor you hold for 7 points profit. The principle of reaction comes in here

to give you more than an even chance—that is, you are likely to get more than $\frac{1}{3}$ as many profits of 7 points as you suffer losses of 2 points.

We see very little advantage in stop loss orders used blindly. If the operator can form some idea as to the turning points in the market and can call the turn within 2 points once out of 3 times, and can get an average of 5 points profit when he is right, he is making money. If he can catch the turn half the time within 2 points and get average profits of 5 points, he is making big money. He is constantly balancing a 2 point loss against a 5 point profit.

Catching the turn, however, is not as easy as it looks. You cannot do it half the time unless you have some definite basis to work on. You must study the habits of the market and the indications to be derived from price movements, trend indicators, volumes, etc., or else you must be in close touch with conditions on the floor of the Exchange, either as shown on the tape or as reported to you by competent observers.

The amateur is usually more successful in catching the first small reaction after the turn has been made, than in locating the absolute top and bottom of the 10 or 20 point swings. If he will aim to get in on this reaction, get as good a profit as he can out of the trade, and then *stay out* until the swing is completed and the next one starts in the opposite direction, he may feel sure that he is, at any rate, working along lines where success is possible.

Correspondents frequently ask us which is better, a 2 point stop or a 3 or 5 point stop. This is a good deal like asking which is the more becoming hat for a girl, a pink one or a green one. It depends on the girl. The best stop or-

der for you depends on your methods of judging the market and your success in using them.

If you are basing your trades on the money situation, the income yield of securities, the condition of business, etc., you will probably find it to your advantage not to use stop loss orders at all, but to pay in full for your stocks, or perhaps to use them as collateral with your own bank to secure an advance of 50 per cent. of their value. If you take the short side when using these methods of judging the market, you need a corresponding margin, and in some stocks at least you will need to make provision as to what you will do in case of a remotely possible corner.

If you study the market in a more technical way, you can find out what is the best stop for you only by study and experiment. Suppose you think the market a purchase. There is a certain price, which, if reached, you would accept as proof that you were mistaken in your judgment. That price is the place for your stop order. If you are a tape reader, this price might sometimes be as close as $\frac{1}{4}$ point. If you study the market closely from newspaper quotations, you may sometimes be able to figure your stop down to one point, but ordinarily not closer than 2, and many operators prefer 3 points. There are, perhaps, exceptional circumstances when a 5 or even 10 point stop may be desirable, but these are rare. Rather than sell out on stop after the market has gone 10 points against you, you would ordinarily do better to provide 50 per cent. margin and stand your ground until you get a substantial upward swing. "Run quickly or not at all." is another stock market maxim which is at least as good as "Stop your losses and let your profits run."



News Known and Unknown

And Why the Only Real News is to be Found on the Tape

By RICHARD D. WYCKOFF

THERE are two kinds of news: Known and Unknown.

Known News is what we find on news slips, news tickers, newspapers and the usual run of market letters.

Known News is *what has happened; it has been told*. It becomes public property the moment it is printed in Wall Street. Then, in the next half minute, thousands of people know it.

News known to everybody is, except in rare cases, of little use to anybody. Yet the great public thirsts for news, talks news and trades on news—that is, Known News.

Unknown News consists of important facts in possession of a few Insiders. It is this which distinguishes the Insider from The Public.

The Insider works with an incalculable advantage. Reports of earnings, probability of reduced or increased dividends, etc., *must* be known to some one person or a few, before public announcement can be made. This may take a few minutes, perhaps hours, days or weeks (according to market conditions and the position of the Insiders).

Meantime those who trade on the Known News are simply playing into the Insiders' hands.

The Insider does what probably you would do if you were in his place. During the interval between his receiving and announcing the news, he 'phones his broker and gives his order. This takes but a moment.

If he is a big enough factor, some manipulation may accompany his buying or selling; but whether his operations are large or small, there is usually a coterie of associates who act with him or upon his information.

Each of the persons composing this group has his own broker and each broker his own clientele. It is custom-

ary for a broker who sees inside orders coming through, to advise his clients in accordance therewith without necessarily disclosing the name or the source. Thus Unknown News becomes the power behind a movement which may attain large proportions before public announcement is made—when the Unknown News becomes Known News.

However desirable this Unknown News or "Inside Information" may be, getting it from its original sources is beyond the reach of the average trader. And even if he had "underground" connections with every important source of information in the Street, there would be no certainty that he could always profit thereby. In fact Insiders are often completely surprised and suffer heavy losses on account of the adverse trend of the market, some other and more effective news, an accident, the operations of opposing parties.

One clique may possess a bit of knowledge which in their opinion will produce a certain market effect; another group may command greater resources, swing larger lots, diffuse more effective information. Group One may therefore find its efforts futile.

How would we know whom to follow were it possible for us to command information from several of the best sources? Large operators do not themselves know what unexpected circumstances may force them to alter their plans. Assuming that you were posted when to buy, you might not be told when to sell when "favored" by such a "valued" connection. With his own hundreds of thousands of shares involved, is the Insider likely to tell you, so as to save you a loss on your poor little hundred or five hundred shares, particularly when such telling may spread the danger signal and increase his own loss? We think not.

Then we must consider the "sentiment" of the Street which is frequently more powerful than any group of operators. In former years, manipulators able to swing fifty or a hundred thousand shares could practically control the market; but in these days of hundred million dollar issues and billion dollar capitalizations, everybody is stronger than anybody. At such times contrary information is likely to ruin one who adheres to it in face of overwhelming buying or selling by The Public. In other words, Insiders are not invariably correct.

But there is one source of Wall Street information that is almost never wrong. We might say that it is infallible were a person able to follow it with one hundred per cent. accuracy.

This source of information is The Tape in its original right-under-the-wheel state.

It has been said that The Tape is the only thing in Wall Street that never lies. This means: The bull tip may be given for the purpose of influencing you to buy while the insider sells; but to an absolute master of The Tape the paper ribbon would whisper "Don't buy! Sell!"

No insider, manipulator or large outside operator can produce or influence an important move in a stock without showing his tracks on The Tape. To get the best information obtainable in Wall Street, therefore, it is unnecessary to dig underground passages into the

lairs of financial lions. Instead, we must learn to read The Tape—the original and only reliable source—the fountain-head of stock market knowledge.

We predict that the time will come when the only market letters and financial columns to gain attention from the most intelligent class of traders will be those which disregard the "News," because such letters will be written from The Tape.

When this time comes and the Art of Tape Reading is generally recognized as the qualifying attribute of a broker or a writer who pretends to guide others. The Public will be more successful; the Insider will find profitable manipulations more difficult; the number and severity of panics will be reduced, and the violent hundred point swings, now almost an annual feature of the stock market, will belong to yesterday.

Because of the diffusion of real stock market knowledge, short selling will become general among outsiders instead of the ninety-five longs to every five shorts witnessed by broker's books to-day. A more evenly balanced market will come into existence; "outside mortality" will be reduced; brokers will retain their clients "alive" for years because of reduced losses and increased profits.

Present day market literature and the "Inside Information" idea will pass away. Tape Reading will become a fine art.

The Chart that Shows the Most

By FREDERIC DREW BOND

EVERYONE agrees that charts give an excellent bird's eye view of the course of prices in the past.

But beyond this there is much disagreement. Can a chart really assist in forecasting future prices? Conditions, it is said, change, and prices, being based on conditions, change with them; thus, as past and future conditions are

never the same, no reliable forecast, it is concluded, can be deduced from a chart of past prices.

The premises of this argument are generally sound; nevertheless, there are conditions in speculative movements which, as a matter of fact, are always either just about the same or else are analogous to one another. Price move-

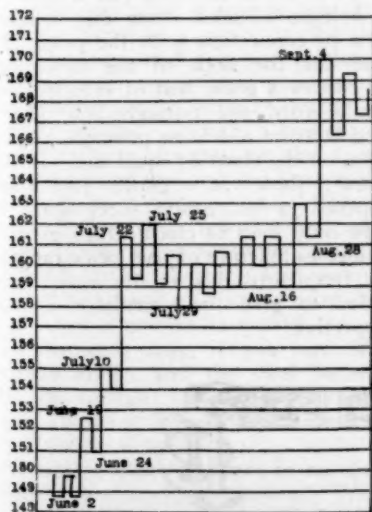
ments depending on such conditions can, therefore, often be gauged to a certain extent by study of past transactions.

For an example, take the case of a stock breaking through a previous low point of, say, a week or two before. Usually when this sort of break occurs it means that a considerable fall in the price of the shares is likely to follow. What has happened is, that on the former low point being broken through, marginal accounts previously undisturbed were weakened, compelling more liquidation and resulting in a larger fall. In a similar way, the indications furnished by double and triple tops and bottoms of the ending of a movement in one direction are readily understandable.

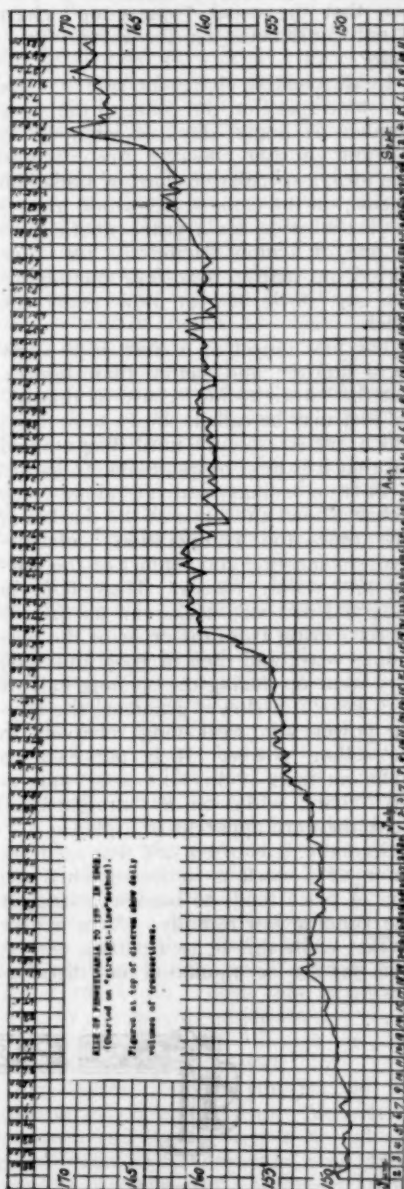
There is nothing mysterious about the way such indications are given by a chart. Nor is it absolutely necessary to use a chart. A careful though tedious inspection of statistics would have given the same results; the chart simply makes the situation clear at a glance. If it be said that great operators rarely use charts it may be replied that such traders are likely to get their information about present technical conditions in the market at first hand, so that other methods are unnecessary.

The use of charts, it should be remem-

bered, is not confined to traders in stocks and commodities. On the contrary, every scientific laboratory, every engineering plant uses charts to record electrical and mechanical movements. In scientific lines charts are looked up to for guid-



Pennsylvania—"Square-top" Chart



ance, and no one thinks of referring to statistics when once the diagrams have been properly drawn; but there is still a prejudice in many banking and brokerage houses against diagrams of stock market movements. May not this be, at least partly, due to an instinctive conviction that the usual "square-top" chart is not constructed on the correct principle?

In all scientific charts the rule is: Give the same space on the chart to the same number of hours, days or whatever is the unit of time chosen. According to this idea, a speculative chart of Canadian Pacific, on the same scale, would always be just as wide for a year's fluctuations as one of Union Pacific for the same period, no matter how few fluctuations the one stock had or how many the other.

The first object of a chart is to show facts quicker and better than figures. But the "straight-line" chart, as this latter sort may be called, shows some facts which are so obscure until diagrammed out that it is next to impossible to gather them from ordinary statistics alone. Such a chart shows the slope of the market at any time—the recuperation, enhancement, exhaustion and conflict of the buying and selling forces. Thus, both in 1904 and in 1908, stocks ran up quickly on recovering from the crisis of the preceding year; and then in 1905 and 1909 they went up during the opening half of each year at a slower gradient; the buying power was weakening relatively to the selling power. It is not easy to make out facts of this sort on a "square-top" chart, while on a "straight-line" chart they are apparent at a glance.

Secondly, it is often said that accumulation of a stock is indicated when the line of price tends to become a straight line running horizontally. As a matter of fact while this is, to a certain extent, true, yet the accumulation and distribu-

tion of different stocks show differences of the most instructive sort if they are properly charted by the "straight-line" method.

For instance, compare the two charts shown herewith. Both represent the advance of Pennsylvania to its topmost figure of 170, but one chart is drawn by the "square-top" method and the other by the "straight-line." Notice in the latter chart how the character of the movement appears at a glance. No pool could put up the price of Pennsylvania like the price of Reading or Union Pacific under penalty of having an army of investors offer their shares for sale to take advantage of such extraordinary investment profits. Pennsylvania has to be bulled slowly and steadily so as give its vast crowd of investors time to agree with the pool that their stock is really worth the price it finally touches. Even with this care, a certain amount of investment stock is offered for sale every few points up. Hence the caution needed in the manipulation—so different from that required to "hoist" some other stocks safely—and hence the necessity to stop at a point not so high as irresistibly to suggest the sale of holdings to a great mass of *bona fide* owners.

Another thing may be added about a "straight-line" chart. If opposite each day's movement there be put a note of the volume of sales, often this volume, taken in connection with the price, the trend and the slope of the movement will convey a good deal of information.

In a word, the "straight-line" chart, being built on a definite principle (equal spaces on the chart to equal times in the market) shows at a glance just what happened in its regular succession. It is the only kind of chart which gives a symmetrical picture of past price-ranges; and frequently this is the very thing needed to give the speculator a true perspective.



The Ethics of the Stock Market

As Viewed by a Well-Known University Professor

AT one of the clubs a short time ago we listened to an interesting conversation between a professor of economics at one of our big universities and an author whose name appears from time to time in the leading magazines. Of course no shorthand report of the talk was made, but we have reproduced it as nearly as our memory serves us, as it seems to us a clear and unprejudiced view of a subject often discussed.

AUTHOR: What I don't like about the stock market is the fact that practically all the money made there is taken away from somebody else. If you go into the dry-goods business you make money by selling people what they want, but if you make money in the stock market you simply transfer it from some other man's pocket into your own. Of course, you do it in a perfectly legal way; but I am talking about the ethics of the question. Isn't it true that what you make some one else loses?

ECONOMIST: It is true only in just the same way as it is true in any other market. Suppose you are in the dry-goods business and you pay 8 cents a yard for some fancy dress goods which you believe will be popular during the summer season. There is a late spring, or the fashion changes, or the people take to economizing and you have to sell the goods at 7 cents a yard. You are punished for your mistake by losing money. In a certain sense the buyers of the goods make what you lose, because they get the goods at a lower price than they would otherwise have paid.

In the same way, if you buy Steel common at 80, and the steel business falls off, or the Attorney-General files a suit attacking the trust, and you sell at 70, you lose money.

AUTHOR: Ah, but there is no short selling in the drygoods market! When I bought Steel at 80 and sold it at 70 some one else sold at 80 and bought at 70, thus making exactly what I lost.

ECONOMIST: Either the drygoods or the Steel may have been a short sale. Of course, there is a large supply of both Steel stock and drygoods in the market, and if you bought your Steel for cash and had the certificate put in your own name, your stock could not be used as the basis for some other man's short sales. If you bought the stock on margin—that is, borrowed a part of the money from your broker, leaving the stock with him as security—then your purchase might be some other man's short sale.

But the practice of short selling is just as common in other lines of business as it is in the stock market. Nearly all the factories run "on orders"—the goods have been sold for future delivery at a fixed price. Likewise the jobbers fill orders for the future and then arrange to supply the goods to the customer.

For example, you may have ordered the dress goods I spoke of delivered to you in 60 days at 8 cents a yard. When the 60 days is past the goods may be worth only 6 cents a yard. The jobber or the factory makes what you lose.

AUTHOR: I had never thought of it in that light before; but after all there is a difference. The dress goods is manufactured for use, and it is sold to be worn. Stocks are passed from hand to hand in what seems to me, I must confess, to all practical intents and purposes imaginary transactions.

ECONOMIST: There is nothing imaginary about the transactions. The stock market is the open market for capital, that's all. Take this example. Suppose you have \$100,000—

AUTHOR: A violent stretch of the imagination, but never mind.

ECONOMIST: —and you set up in business as a manufacturer. You have your ups and downs over a period of fifteen years. Perhaps you even fail, make an arrangement with your creditors and resume business. Finally you

make a name for your goods and get the business on a permanent, paying basis so that you value it at \$500,000.

Now if you had formed a corporation and listed the stock on the Exchange, the stock would have gone through all the vicissitudes that you went through. It would have gone down in bad times and up in good times, just as your prospects in the business went down and up; until eventually it would become an inactive investment issue, selling at \$500 a share. Short sales would have made no difference, as every share sold short would have had to be bought back long before the stock reached the investment stage.

This is exactly what goes on in the stock of every company listed on the exchange. The stock which is the football of the Street to-day increases in value with the growth of the country until it finally almost disappears from the market. And if, as brokers say, the short interest is always the largest at low prices, the shorts must, in the long run, be losers.

AUTHOR: Well, how about the dishonest manipulation of prices on the stock exchange? Certainly that is something that does not happen in other lines of business.

ECONOMIST: Undoubtedly large capitalists endeavor to exercise a certain degree of control over prices and in the majority of cases they succeed; but this is chiefly because of their superior facilities for getting a complete knowledge of conditions. If they attempt any important manipulation of prices contrary to fundamental conditions, they will lose money; and if they influence prices in harmony with general conditions, that cannot properly be called manipulation.

As for dishonesty, there is less dishonesty in Wall Street than in any other line of business I am familiar with, not because people are any better there than elsewhere, for they are about the same—all varieties, good, bad and indifferent—but because there is less opportunity for dishonesty in the stock market than elsewhere. Nine-tenths of the cheating in business has to do with the quality of the goods sold. In how many cases do you suppose the goods manufactured and

sold in the United States to-day are "up to sample?" I don't believe it is ten per cent. The goods are defective, short weight or narrow measure, have flaws, are of a lower quality than promised, etc. Buyers have almost ceased to expect that the goods when received will equal the quality shown by the salesman. Again, think of the losses caused by delay in delivery—against which the buyer is in most cases almost helpless.

In the stock market, however, there is no chance for deception in regard to the quality of the goods, and deliveries are always prompt. A share of Atchison common is a share of Atchison common, and there is no variation in the quality. The railroad is where everybody can see it, and it is compelled by law to report its earnings month by month. Also, there is very little chance for deception in regard to prices on the stock exchange. The records show the exact market minute by minute throughout the day.

AUTHOR: It seems to me you are proving, not that conditions in the stock market are ethically just, but that other business is worse! That may be so, but it doesn't make the stock market any better.

ECONOMIST: Ah, now you are on another subject! I shall not try to prove to you that all business, as at present conducted, is ethically sound. The Socialists tell us that it is not, and they see a vision, somewhere in the distant future, of a system that will sweep away strife and competition and make all men brothers. Possibly this millennium may come some day, though I don't expect to live to see it. In the meantime most of us accept present business conditions as the best we can do under the circumstances, and hope for improvement as time passes.

If you abuse the competitive system of doing business I shall simply say that the subject is too big for us to discuss to-night; but as to the stock market, my own opinion is that it is conducted, on the whole, in a cleaner and more honorable way than most other lines, and until we can work out a better way of doing things, we may as well stop abusing Wall Street.

Practical Speculation

By LEWIS B. HALL, JR.

ONE of two aims is sought in the writing of every financial article. Either a topic of interest is chosen merely for academic discussion, or else the subject is treated in such a manner as to try to point out a method whereby practical results in dollars and cents may be attained. The latter aim is the one sought in this article, and any statement of theory is made only incidentally and for purposes of clearness.

Practical speculation as applied to securities is a topic heard everywhere among men of all walks of life. The speculative class includes not only the professional trader and speculator, but theorists, professional and business men, capitalists and investors. To find a successful method of practical speculation is the thing sought by almost every reader of a financial page. This desire may not be definitely formulated in everybody's mind, but it is there just the same. Provided the right road to attainment were pointed out, how many would have the necessary qualifications for success?

A clear distinction should be made between the speculator and the trader. It is the constant confusion of the two that is responsible for the loss of much money. Many people think they are speculating when they are merely trading. This is not said in any derogatory sense, but to bring out the difference between the two.

The trader's proper place is on the Exchange floor, or beside the ticker during market hours. The trader can operate and run risks that would mean financial suicide for the true speculator. While the trading class is numerous, the speculative class is legion and it is the speculator whose case we are considering. We shall have occasion to refer to the trader again later.

Meanwhile, make a distinction also between practical and mechanical specu-

lation. By mechanical speculation is meant the use of arbitrary rules of trading, based on fluctuations of prices and not on outside considerations governing values. While mechanical speculation may have its place in the repertoire of the trader, it is of negligible importance to the real speculator. The trader and mechanical speculation belong to each other and should in no way be confused with the real speculator and practical speculation.

The first step toward speculative success is to know definitely what speculation is. The writer is convinced that many so-called speculators do not know this. The best dictionary authorities tell us that the word speculation in its original sense meant "intelligent contemplation, observation and inspection; the pursuit of truth by thinking, reasoning, and logical analysis." That is the static definition. The modern conception includes all these things, but adds a dynamic element, specifically the "risking of money based on conclusions reached through our reasoning powers."

The general term speculation as defined by economists is "the attempt to acquire adequate financial compensation for legitimate risks, these risks being undertaken only after careful inspection of conditions affecting the matter in hand."

The time element is the big factor entering into modern speculation. Men make money by buying stocks or commodities at a certain time and selling at a certain time, rather than by buying at one place and selling at another place. Considerable time generally elapses between the production and consumption of an article. Somebody has to assume the responsibility of anticipating the demands of the markets, and these risks are taken by speculators. It is they who carry the burden until the consuming demand takes it off their shoulders.

These general remarks apply to stocks

as well as to commodities. It is the province of the true speculator to thoroughly study past and present conditions with a view to anticipating future needs, and then to back up his intelligently formed opinion with his money.

Keeping in mind this brief outline of what speculation really is, and applying it to your operations in the stock market, please ask yourself whether you are really a speculator or a trader. Nine times out of ten the truthful reply will be that you are trying to speculate, but that in reality you are trading; or, on the other hand, that you are trying to trade, but ought to be speculating.

This is the most important truth that can be brought home to you, and it is the reason why you have lost money. The writer believes, after watching the operations of hundreds of accounts, that more money is lost in Wall Street by people trying to trade instead of speculate than by any other reason.

If you have any other business outside of the Street, or any interest that takes even a small part of your time, you are no trader. How can you expect to trade and make money against clever men of age and experience who do nothing else? You haven't a chance unless you are willing to give up every outside interest and to follow the market as closely as the professional. If you cannot do this, give up all idea of trading and stick to legitimate speculation.

It is all very well to look at the newspaper at night and remark that you wish you had seen Reading start on that three point move, because you surely would have gotten in on it. You are deceiving yourself. The only people who made money out of that move were the professional traders and speculators, who had previously correctly diagnosed technical and outside conditions.

Your only chance to make money out of the stock market, if you are not a professional, is to assume the attitude of a speculator. If you do this your profits or losses will not depend upon temporary fluctuations, which you are unable to watch every moment. Your success or failure will depend upon your knowledge of conditions and your ability to intelligently forecast future needs.

Hundreds of persons are making money out of fluctuations in prices, but they are devoting all their time to this work because they know that they cannot succeed without constantly watching the ticker. They may all be classed as professionals. While there are hundreds of this class, there are thousands who have an interest in the stock market who cannot or will not give the market their constant attention. This is the class that invariably takes the big losses, and they ought to put themselves in a position to take just as big profits. They are the true speculators, whether they know it or not.

If you are in this class and cannot devote all your time to the ticker, study the financial situation in your leisure hours. Use your brains and you will find that you can prophesy future conditions as well as the next man. With the present facilities for investigating financial problems there is no excuse for a man not using his independent judgment in arriving at conclusions. The only way to succeed is to thoroughly study the problem in an attempt to arrive at a logical conclusion, and then to independently act on it.

The final outcome will be determined by the use you make of your brains. Study, investigation and the forming of correct conclusions will win in the end. The large fortunes of this country have been built up along these lines and your chance to-day is second to none.



Method of Distributing Investments

A Careful Plan for Taking Advantage of Low Prices

EDITOR OF THE TICKER:
Kindly criticize this outline plan for investment or semi-speculation in stocks.

It is proposed to deposit \$15,000 in five good trust companies, \$3,000 in each. When the present decline has run its full course, in our judgment, we will buy 10 shares each of five standard rails, probably New York Cent., Penn., Ill. Cent., Atchison and Reading. These will cost \$5,000 to \$6,000 approximately. As conditions begin to improve, we will invest about \$5,000 in United States Steel common, Amal. Cop., and Mackay common, and the balance of the \$15,000 in United States Steel pref. and the preferred stocks of some of the equipment companies.

After these are all bought and the certificates are in our safe deposit box, it is proposed to use them as collateral to borrow \$7,500 and to buy outright with that the common stock of ten different low priced rails and industrials according to THE TICKER'S Bargain Indicator.

The plan is to minimize risks by:

1. Distributing the deposits to provide against a trust company's failure.
2. Purchasing the stocks in instalments at different times to provide against possible failure of broker.
3. Keeping memoranda to identify the certificates used as collateral.
4. Distributing the investment among different industries in different localities.
5. Investing in the stronger standard stocks at the bottom of the decline and in the others progressively as conditions improve, to avoid possible failures, reorganizations or assessments.

The aim is to hold on for about \$20,000 profit (about 100 per cent. on amount invested) on the whole operation in two or three years, and when this

point is reached, to sell out in instalments and then deposit the proceeds in ten good trust companies.

Isn't this plan an improvement over that of the "Specialist in Panics," who had his eggs all in one basket? Would we be likely to have any difficulty in financing the operation as suggested? If there is any weakness in it, please analyze the same for us. If there is any way to make it safer or more profitable without undue risk, kindly give suggestions.

It has not been easy to get this \$15,000 together, and if it gets away from us, we propose to be on the job at the time, at any rate. We made \$1,500 with \$5,000 capital, out of the last depression and recovery, but had not then discovered THE TICKER, or we would have done much better.—B. J.

This plan in general is a very good one. The idea of distributing the risk is excellent. We do not think you are wise, however, to leave to your judgment the length of time for the present decline to have run its course. The time for you to buy is during a panic. Wait for the panic and do not exercise your judgment in the meantime, otherwise you may buy many points above the panic level. During the panic people will be throwing their stocks away at whatever price they can get. This is the time for you to buy. No other time will pay you as well.

Instead of choosing your stocks from the standpoint of their being "standard," divide your purchases among five or six railways and an equal number of industrials which have a record as sound dividend payers and have proved their ability to continue dividends through recent adverse periods. Choose them also with a view of getting stocks which fluctuate widely. Preferred stocks are limited as

to dividends, and do not offer nearly the opportunity that you will find in common issues.

Do not wait until conditions improve before completing your line; buy all you intend to buy while the panic lasts. Buy when things are looking desperate, when there seems not a vestige of hope for the market. Then you will get bargains. If you wait until afterwards, other people will get the bargains.

Make your purchases through the various trust companies where you have money on deposit. Instruct these trust companies to buy through their own brokers and to pay for the certificates upon receipt and not before; your purchases will then be made through a number of different brokers, and no one but the trust companies will handle your cash. The various brokers will deliver the certificates to the respective trust companies, who will then, upon your request, transfer the certificates to your name. You can then take each certificate as it comes along, make a memorandum of its number, and send it to a certain brokerage house with instructions to buy on margin what you want, the certificates representing your margin, and the broker being instructed not to transfer it, but to keep it in your name.

History shows that there is nothing to fear from reorganizations or assessments of properties which have for some years been on a sound basis. Such properties that have been reorganized, have recovered several times their prices in many cases, and have scarcely ever shown a loss to holders.

Do not hold for any definite amount of profit. Sell out your stocks when a great boom occurs. Sell out everything, either at the market or on a scale up as will be shown in latter issues of our "Studies in Stock Speculation," or sell out in a lump when the average prices of twenty standard rails are around former tops. When this point is reached don't hesitate or let a big profit get away from you while trying to get the last cent of what you had hoped for. When done redeposit your money in the various trust companies.

Your plan is in many ways an improvement on that of "A Specialist in Panics." You will have no difficulty in financing if you proceed as above, and there is no reason why, if you stick to this plan, you should not make all the money you will need, with the \$15,000 capital you now have. Furthermore, with the distribution of risks, there is little or no chance of material losses.

Fillips from the Philistine

We usually lose our delusions and our hair at the same time.

* * *

We credit ourselves for our successes; we blame others for our faults.

* * *

Impossible things are simply those which so far have never been done.

The Bargain Indicator

New Stocks Added to the List

NOTE.—Except where otherwise noted, earnings are herein computed for the *twelve latest months* available, thus keeping the table constantly up-to-date. Additions and betterments are included in the earnings as given, wherever they are so reported as to be distinguishable from ordinary expenses of maintenance, since earnings invested in the improvement of the property are usually of more value to the stockholders in the long run than if they had been distributed as dividends. Such additions and betterments out of current earnings increase the equity of the stockholders and therefore render the stock more valuable.

As this magazine is mailed to subscribers two or three days before it appears on the news-stands, subscribers get the first advantage of the Bargain Indicator.

IN response to numerous requests we have added a number of the less active stocks to the Bargain Indicator this month.

Railroads.

Toledo, St. Louis & Western is quoted in this issue without the benefit of dividends on its Alton common. No definite announcement has been made in regard to these dividends, but the time for the declaration has passed and Alton must be classed as a non-dividend-payer until something is said or done to the contrary.

Detroit United, which has stood near the head of the list several recent months, we have decided to drop for the present, as the political dangers and perplexities which surround this corporation make it impossible to judge the value of the stock by a mere calculation of earnings.

Denver & Rio Grande does not reach second position without a cloud upon its title thereto. It controls the Western Pacific and that road owes the Denver & Rio Grande \$1,152,000 unpaid interest. It seems probable that the Western Pacific will be able to meet this claim without any special difficulty when it gets fairly to running, therefore the Denver annual report schedules the sum as "deferred income."

Lehigh Valley is traded in on the Philadelphia Stock Exchange. Its recent report shows very heavy earnings and at the price of \$79 for a \$50 share, it takes sixth place in the table.

Atchison common rises a few points on the showing made in the annual report recently made public.

Brooklyn Rapid Transit does not make as good a return for the second six months of its fiscal year as it did for the first half.

Chicago, Milwaukee & St. Paul has caused the statistician some perplexities this year as to the fairest method of computing its income. It has paid for the construction of the Puget Sound Extension out of its own pocket, so to speak, and the earnings from the Extension have been just coming in during the

last six months. We have adopted the method of crediting these earnings up to the St. Paul proper as fast as they accrued. The St. Paul annual report, however, counts as income the full year's interest on the Puget Sound bonds held in the St. Paul treasury and arrives at earnings of 9 per cent. on par. Doubtless this is a fair conclusion, as there can be no serious question as to the Puget Sound's ability to pay the interest on these bonds.

Missouri Pacific's report shows the disappearance of an unexpected sum into the item "Interest, etc., including other deductions." This makes the earnings for the fiscal year equal to only 2.8 per cent. on the stock.

St. Louis Southwestern no longer earns more than the dividend to which it is entitled—5 per cent.—therefore it appears in the main section of the table.

Industrials.

American Agricultural Chemical common jumps to second place on its recent annual report. Its earnings of 10.4 per cent. on par are certainly very satisfactory.

International Mercantile Marine preferred is typical of a class of preferred stocks on which dividends are uncertain and which for that reason sell at a price low in comparison with their earnings. Buying such a security is a highly speculative operation, but purchases distributed among several such stocks and made at a time of general low prices will sometimes show surprisingly profitable results. However, this is not to be interpreted as a bull tip on Marine preferred.

Republic Iron & Steel's annual report gives evidence of a profitable year and the common stock rises to 14th place, with earnings of 14.2 per cent. on par.

American Locomotive preferred earned more than its dividend during the past fiscal year and is therefore dropped from the table. The common shows 1.3 per cent. on par.

American Hide & Leather preferred showed a large deficit according to the report. The antics of this stock are fresh in the memory of traders.

THE BARGAIN

Comparative Earnings

RAILROADS

PRESENT EARNING POWER AS COMPARED WITH MARKET PRICE

Position.	Approximate earnings on par.	Price Sept. 12, 1910.	Earnings on price.
1 Denver & Rio Grande common.....	(f) 4.4	30	14.6
2 Wabash preferred.....	5.1	36	14.1
3 Chesapeake & Ohio.....	10.3	73	14.1
4 Colorado & Southern common.....	7.3	53	13.7
5 Lehigh Valley common (par \$50).....	20.1	\$79	12.8
6 Louisville & Nashville.....	18.8	142	11.8
7 Erie common.....	(e) 3.1	86	11.8
8 Norfolk & Western common.....	11.2	96	11.6
9 Union Pacific common.....	19.0	164	11.5
10 Southern Pacific common.....	12.8	112	11.4
11 Minneapolis, St. Paul & S. S. M. common.....	(j) 13.8	128	10.8
12 Delaware, Lackawanna & Western.....	55.0	505	10.8
13 Minneapolis & St. Louis preferred.....	4.7	44	10.7
14 Reading common.....	(d) 14.7	140	10.5
15 Kansas City Southern common.....	3.0	29	10.3
16 Atlantic Coast Line R. R.....	(c) 11.1	109	10.2
17 Southern Railway common.....	(e) 2.2	22	9.5
18 Buffalo, Rochester & Pittsburgh common.....	(i) 8.9	95	9.3
19 Atchison common.....	8.9	96	9.1
20 Pittsburgh, Cincinnati, Chicago & St. Louis common.....	(b) 8.6	94	9.1
21 Canadian Pacific.....	15.8	191	8.2
22 Baltimore & Ohio common.....	8.5	104	8.1
23 Great Northern preferred.....	9.7	124	7.8
24 Delaware & Hudson.....	12.7	162	7.8
25 Brooklyn Rapid Transit.....	5.7	74	7.7
26 Chicago, Milwaukee & St. Paul common (See comments)....	(j) 9.1	119	7.6
27 Lake Erie & Western preferred.....	2.9	38	7.6
28 Wisconsin Central common.....	3.8	51	7.4
29 Pennsylvania Lines.....	(c) 9.1	128	7.1
30 St. Louis Southwestern preferred.....	4.0	57	7.0
31 Twin City Rapid Transit common.....	7.4	110	6.7
32 Northern Pacific common.....	7.5	114	6.5
33 Chicago & Alton common.....	1.9	29	6.5
34 Chicago & Northwestern common.....	(c) 8.4	144	5.8
35 Cleveland, Cincinnati, Chicago & St. Louis common.....	4.2	73	5.7
36 New York, Ontario & Western.....	2.3	40	5.7
37 Illinois Central.....	6.9	129	5.4
38 New York, New Haven & Hartford.....	(h) 8.2	152	5.4
39 Rock Island Company preferred.....	3.6	66	5.4
40 Missouri Pacific.....	2.8	59	5.3
41 Chicago, Gt. Western common.....	1.2	23	5.2
42 New York Central.....	(c) 5.6	111	5.0
43 Missouri, Kansas & Texas common.....	0.8	31	2.6
44 Toledo, St. Louis & Western common.....	(a) 0.6	23	2.6
45 Wabash common.....	.0	17	.0
46 Duluth, South Shore & Atlantic preferred.....	.0	22	.0
47 St. Louis Southwestern common.....	.0	23	.0
48 Minneapolis & St. Louis common.....	.0	25	.0
49 Texas & Pacific.....	.0	26	.0
50 Iowa Central preferred.....	.0	31	.0
51 Rock Island Company common.....	.0	30	.0

Preferred stocks earning more than the per cent. to which the dividend is limited, but now receiving either no dividend or less than said limit:

1 Erie second preferred.....	(e) 26.0	32	81.2
2 Erie first preferred.....	12.6	43	29.2
3 Southern Railway preferred.....	9.4	52	18.0
4 St. Louis & San Francisco second preferred.....	(e) 5.6	40	14.0

(a) Without any dividends on its holdings of Alton common. (b) Pref. and com. share equally after com. receives 5%. (c) On increased cap. stock. (d) Includes betterments on subsidiary companies. (e) After deducting pref. divs. (f) Including \$1,152,000 "deferred income," due from Western Pac. (h) Figured on \$100,000,000 stock—\$50,000,000 new stock becomes full paid June 20, 1911. (i) Pref. and com. share equally after com. receives 6%. (j) Pref. and com. share equally after com. receives 7%.

INDICATOR

of Important Stocks

INDUSTRIALS, &c.

BASED ON LATEST OFFICIAL REPORTS

Pos.	Date of Report.		Approximate earnings on par.	Price Sept. 12, 1910.	Earnings on price.
1	Mar. 31, 1910	United States Rubber common.....	7.5	24	24.2
2	June 30, 1910	American Agricultural Chemical common...	10.4	44	23.6
3	June 30, 1910	United States Steel common.....	(a)(g)13.9	69	23.0
4	Dec. 31, 1909	Pressed Steel Car common.....	7.7	34	22.6
5	Mar. 31, 1910	American Beet Sugar common.....	7.3	37	19.7
6	Dec. 31, 1909	American Woolen common.....	5.2	27	19.2
7	Dec. 31, 1909	Central Leather common.....	6.3	33	19.1
8	May 31, 1910	Virginia-Carolina Chemical common.....	10.8	58	18.6
9	Dec. 31, 1909	Railway Steel Spring common.....	5.3	31	17.1
10	Aug. 31, 1909	American Cotton Oil common.....	10.4	62	16.7
11	July 31, 1909	American Linseed preferred.....	5.8	35	16.0
12	Dec. 31, 1909	International Mercantile Marine preferred.....	2.3	15	15.3
13	Dec. 31, 1909	General Chemical common.....	13.8	95	14.5
14	June 30, 1910	Republic Iron & Steel common.....	4.6	31	14.2
15	Apr. 30, 1910	American Car & Foundry common.....	6.6	47	14.0
16	Apr. 30, 1910	United States Realty & Improvement.....	9.7	71	13.7
17	Dec. 31, 1909	International Harvester common.....	13.0	97	13.4
18	Mar. 31, 1910	Westinghouse Electric & Mfg. common.....	7.6	60	12.7
19	Dec. 31, 1909	Sears, Roebuck & Co. common.....	18.4	155	11.9
20	June 30, 1909	Wells Fargo Express.....	19.4	163	11.9
21	Dec. 31, 1909	National Lead common.....	6.2	52	11.9
22	Dec. 31, 1909	American Snuff common.....	29.5	250	11.9
23	Jan. 31, 1910	Union Bag & Paper preferred.....	(c) 6.4	55	11.0
24	June 30, 1910	Bethlehem Steel preferred.....	(d) 6.5	57	11.4
25	June 30, 1910	National Enameling & Stamping common...	1.7	15	11.3
26	Apr. 30, 1910	American Steel Foundries.....	(h) 5.0	44	11.3
27	Dec. 31, 1909	General Electric.....	15.0	142	10.6
28	Apr. 30, 1910	American Smelting & Refining common.....	7.1	67	10.6
29		Pacific Coast common.....	(b)(c)10.3	102	10.1
30	Dec. 31, 1909	American Can preferred.....	6.7	67	10.0
31	June 30, 1910	International Paper preferred.....	4.5	46	9.8
32	May 31, 1910	People's Gas Light & Coke.....	(d)10.0	106	9.4
33	June 30, 1909	Laclede Gas common (St. Louis).....	(d) 9.0	99	9.1
34	June 30, 1910	Western Union.....	5.7	64	8.9
35	Dec. 31, 1909	North American.....	5.9	66	8.9
36	June 30, 1909	Distillers Securities.....	2.3	27	8.5
37	May 31, 1910	United States Cast Iron Pipe preferred.....	4.4	54	8.1
38	May 31, 1910	Sloss-Sheffield common.....	(d) 4.3	57	7.5
39	June 30, 1910	American Telephone & Telegraph.....	(d)10.2	125	7.5
40	Feb. 28, 1910	Corn Products preferred.....	(c) 5.4	75	7.2
41	Mar. 31, 1910	International Steam Pump common.....	2.8	40	7.0
42	Feb. 25, 1910	Pullman.....	(d)11.1	161	6.9
43	Dec. 31, 1909	Brooklyn Union Gas.....	9.1	122	6.8
44	Jan. 31, 1910	National Biscuit common.....	7.7	112	6.8
45	Dec. 31, 1909	Tennessee Copper (par \$25).....	6.5	\$27	6.3
46	Apr. 30, 1910	Amalgamated Copper.....	3.0	64	6.1
47	Dec. 31, 1909	Consolidated Gas (N. Y.).....	6.7	130	5.1
48	Feb. 1, 1910	Mackay common.....	(c) 4.3	90	4.8
49	June 30, 1910	Pittsburgh Coal preferred.....	(c)(d) 3.0	67	4.5
50	Dec. 31, 1909	New York Air Brake.....	2.7	72	3.7
51	June 30, 1910	American Locomotive common.....	1.3	36	3.6
52	Dec. 31, 1909	American Sugar Refining common.....	3.9	112	3.3
53	June 30, 1909	Allis-Chalmers preferred.....	.8	25	3.2
54	Dec. 31, 1909	Utah Copper (par \$10).....	(f)14.4	\$47	3.0
55	Dec. 31, 1909	International Mercantile Marine common...	.0	5	.0
56	Dec. 31, 1909	American Can common.....	.0	8	.0
57	Jan. 31, 1910	Union Bag & Paper common.....	.0	9	.0
58	June 30, 1910	International Paper common.....	.0	10	.0
59	July 31, 1909	American Linseed common.....	.0	12	.0
60	Feb. 28, 1910	Corn Products common.....	.0	13	.0
61	May 31, 1910	United States Cast Iron Pipe common.....	.0	15	.0
62	June 30, 1910	American Hide & Leather preferred.....	(c) .0	22	.0
63	June 30, 1910	Bethlehem Steel common.....	(d) .0	27	.0
64	Apr. 30, 1910	Pacific Mail.....	.0	27	.0

(a) Based on quarterly earnings. (b) Based on current earnings. (c) Divs. in arrears. (d) Based on 6 mos. earnings. (e) 2nd pref. and com. share equally after com. receives 4%. (f) On increased capital stock. (g) Including \$7,500,000 appropriated for the quarter to cover new construction, etc. (h) Based on 9 mos. earnings.

The "Wellshot" Financial Column

EDITOR OF THE TICKER:

There's a certain New York daily which runs a stock market column by Wellshot. Perhaps I haven't spelled it right, but the column reads like it anyway, so we'll let the name pass.

I picked up a copy of this paper the other day and took a look over the Wellshot stuff. I was waiting for a boat; there wasn't another single thing to do at the time.

Enclosed is the column, together with a few guileless queries. The stock list for the day is also included in the clipping (issue of August 12, 1910), so that you may judge for yourself the keen insight and intelligence behind Wellshot's arguments.

How do you ever suppose Wellshot knew that the liquidation in Smelters was not speculative? And don't you think the solid investors who didn't unload down at 62 were chagrined to see the stock lose $2\frac{3}{4}$ points and close at 65 $\frac{3}{4}$? And what "weird" satisfaction these investors must have felt when a dividend reduction was given as the reason.

It did "hurt the market" a lot, this Smelters business. Look at all the minus three-eighths and halves! And the Coppers, see how "little support" they showed. Amalgamated and Anaconda both lost $\frac{1}{2}$, but I guess Wellshot didn't notice Utah (up $\frac{3}{8}$).

Do you suppose Wellshot is going to compel the Smelting Trust to make a showdown?

Do you really think the public told Wellshot it wanted a statement of all the Guggenheim companies? If so, what a large ear he must have.

Can you suggest anything else but such a statement to stop the decline in Smelters?

How that new St. Paul extension must have depreciated! Just think of a road only a year old having to charge off

practically all of its first year's net earnings to depreciation! What should Pennsylvania's depreciation charge be, figured on the Wellshot basis?

So all this fuss about freight rates was unnecessary after all, for does not Wellshot say, "*A reduction of \$2 a ton in the price of steel rails will increase the purchasing power of what money the railroads have to such an extent that they can get along without an increase of freight rates.*" (!!!)

How perfectly simple! Why didn't the Administration ask Wellshot before stirring things up? And that money "the railroads have"—does Wickersham know they have it?

As THE TICKER's mission is to enlighten the public on financial affairs, would the magazine not be serving its readers by calling attention to this Wellshot column, at the same time congratulating *The American* on the accuracy of Wellshot's opinions and deductions?

The American's Financial Pages

THE AMERICAN rejects all financial advertisements of a fraudulent or doubtful character. It welcomes information from readers in aid of its efforts to publish only accurate financial news and financial announcements only of trustworthy firms.

Observe from the smaller clipping that *The American* "welcomes information from readers." Do you suppose they can desire any more or better information than is found in the Wellshot column?

Yours truly,
ANXIOUS INQUIRER.

SELLING OF SMELTERS HURTS ENTIRE MARKET

Rally at Close on Good Reports by Union and Southern Pacific Makes Net Losses Small.

By THOMAS C. SHOTWELL.

Cautious liquidation of American Smelting stock was the most important feature of trading on the Exchange yesterday. Reasons given were many and varied, but the most satisfactory one seemed to be the expectation of a dividend reduction. The selling was not speculative and it hurt the entire market. Steel and Union Pacific were held relatively firm, but the coppers in general showed little support. No general selling pressure was apparent, and the day closed with few net losses of importance except in smelters. At the very close a rally was forced by the good reports of the Union Pacific and Southern Pacific.



Official information regarding the Smelters dividend is lacking, but the most enlightened opinion is that it ought to be cut and the money charged off to depreciation. The formal reports of the company do not show depreciation charges sufficient to satisfy experts. Several plants and mines have been abandoned by the company in recent years and not charged off, although their original cost was millions. The Valerianis mine, of Mexico, and the Silverton (Colorado) mines have between them entailed a loss of, say, \$10,000,000.

The various ownerships of properties by the firm of M. Guggenheim's Sons, by the American Smelters Securities Company, by the Guggenheim Exploration Company and the American Smelting & Refining Company might well confuse the public. The ownerships seem to shift between annual reports. Now that the Steel Trust is going to make a public display of its condition, the Smelting Trust will be compelled to make a showdown also. The public wants a statement by all of these companies under the same date, and the Guggenheims owe it to their friends to make this showing promptly, while the matter is an active issue in the stock market. Nothing less can stop the decline in smelters.

Several important railroads announced their gross and net earnings for the year ended June 30. The feature of all of them was the great increase of operating expenses. All showed immense gains in gross earnings, but in several instances the net gains were relatively small. St. Paul showed a net more than \$1,000,000 smaller than the previous year. It reported net earnings for ten months on the Pacific Coast extension equal to 50 per cent of the gross receipts. Most of this will have to be written off for depreciation.

The matter of depreciation has been neglected by many railroad and industrial corporations, the Interstate Commerce Commission to the contrary, notwithstanding. President Lovett, of the Union Pacific, claims that he operated the Union Pacific for 55.6 per cent of the gross. That is not as well as E. H. Harriman did, but it is too little for the good of the property. Union Pacific declared the regular dividend, rounding out four years at the 10 per cent rate.

Much sympathy was expressed in the Street for President Thomas, of the Lehigh Valley, who is afraid his company may not be able to continue earning its paltry 22 per cent a year unless the Government permits an advance of freight rates. Rumors of an increase of the Lehigh Valley dividend to 13 per cent were kindly put in circulation.

Steel rails must be reduced in price materially. Whether the reduction has already been made in one instance cannot be stated positively, although the suspicion is growing. A reduction of \$2 a ton in the price will increase the purchasing power of what money the railroads have to such an extent that they can get along without an increase of freight rates. The steel business is attracting so much attention from the Government that the conservative men in the trust feel some concession in the price of rails will make a very favorable impression. It is doubtful if the matter has been discussed formally, but something must be done soon to induce buying by the railroads.

STOCK SALES

RANGE OF THE MARKET.

Average price	117 1/2
Average Wednesday	118 1/4
Average a week ago	116
Average a month ago	116 1/2
Average a year ago	141 1/2

Following are the sales of stocks and the range of prices:

Sales.	High.	Low.	Close.	Chg.
100 Allis-Chalm. pf. 28	28	28	28	—
21200 Amal. Copper. 48	48 1/2	48 1/4	48 1/2	+ 1/4
200 Am. Ag. Chem. 43	43	43	43	—
100 Am. Alum. pf. 100 1/2	100 1/2	100 1/4	100 1/2	+ 1/4
1700 Am. Steel. 34 1/2	34 1/2	34 1/4	34 1/2	+ 1/4
5000 Am. Cda. 8 1/2	8 1/2	8 1/4	8 1/2	+ 1/4
400 Am. Cda. pf. 17 1/2	17 1/2	17 1/4	17 1/2	+ 1/4
200 Am. Car & F. 45 1/2	45 1/2	45 1/4	45 1/2	+ 1/4
250 Am. Out. Oil. 28 1/2	28 1/2	28 1/4	28 1/2	+ 1/4
180 Am. H. & L. 6 1/2	6 1/2	6 1/4	6 1/2	+ 1/4
100 Am. Lumber. 12 1/2	12 1/2	12 1/4	12 1/2	+ 1/4
100 Am. Lin. pf. 32	32	32	32	—
200 Am. Locom. 38 1/2	38 1/2	38 1/4	38 1/2	+ 1/4
200 Am. Loco. pf. 102 1/2	102 1/2	102 1/4	102 1/2	+ 1/4
2700 Am. Smelting. 58 1/2	58 1/2	58 1/4	58 1/2	+ 1/4
200 Am. Smelt. pf. 102 1/2	102 1/2	102 1/4	102 1/2	+ 1/4
200 Am. Um. pf. 8 1/2	8 1/2	8 1/4	8 1/2	+ 1/4
100 Am. Steel. F. 44	44	44	44	—
200 Am. Tel. & T. 133	133	133	133	—
100 Am. Tob. pf. 82	82	82	82	—
700 Am. Woodmen. 27 1/2	27 1/2	27 1/4	27 1/2	+ 1/4
200 Anaconda. 40	40	40	40	—
3700 Archiborn. 80 1/2	80 1/2	80 1/4	80 1/2	+ 1/4
300 Atchafalaya. 100	100	100	100	—
400 Atl. Coast. 110 1/2	110 1/2	110 1/4	110 1/2	+ 1/4
800 Bait & Chas. 107 1/2	107 1/2	107 1/4	107 1/2	+ 1/4
200 Beth. Steel. pf. 51 1/2	51 1/2	51 1/4	51 1/2	+ 1/4
900 B'n'y B. U. 75 1/2	75 1/2	75 1/4	75 1/2	+ 1/4
170 Brunswick. 85 1/2	85 1/2	85 1/4	85 1/2	+ 1/4
200 Butcher. 31	31	31	31	—
720 Can. Pacific. 100 1/2	100 1/2	100 1/4	100 1/2	+ 1/4
400 Can. Lumber. 34	34	34	34	—
200 Ches. & Ohio. 72 1/2	72 1/2	72 1/4	72 1/2	+ 1/4
100 C. & W. Western. 23 1/2	23 1/2	23 1/4	23 1/2	+ 1/4
200 C. Off. West. pf. 48	48	48	48	—
800 C. M. & St. P. 128 1/2	128 1/2	128 1/4	128 1/2	+ 1/4
400 C. M. & St. P. 148	148	148	148	—
400 Chic. & St. W. 144 1/2	144 1/2	144 1/4	144 1/2	+ 1/4
400 Col. P. & Ind. 25 1/2	25 1/2	25 1/4	25 1/2	+ 1/4
200 Col. & South. 53 1/2	53 1/2	53 1/4	53 1/2	+ 1/4
8000 Conoco. 128 1/2	128 1/2	128 1/4	128 1/2	+ 1/4
10000 Corn. Prod. 14 1/2	14 1/2	14 1/4	14 1/2	+ 1/4
100 Den. & Rio Gr. 30	30	30	30	—
200 D. S. & A. 104 1/2	104 1/2	104 1/4	104 1/2	+ 1/4
100 D. S. & A. pf. 22	22	22	22	—
800 Erie. 28 1/2	28 1/2	28 1/4	28 1/2	+ 1/4
725 Erie 1st pf. 42 1/2	42 1/2	42 1/4	42 1/2	+ 1/4
200 Gen. Electric. 144 1/2	144 1/2	144 1/4	144 1/2	+ 1/4
800 Gr. Central. 124 1/2	124 1/2	124 1/4	124 1/2	+ 1/4
200 Gr. North. 53 1/2	53 1/2	53 1/4	53 1/2	+ 1/4
100 Illinois Cen. 32	32	32	32	—
400 Inter-Atl. 18 1/2	18 1/2	18 1/4	18 1/2	+ 1/4
720 Inter-Atl. pf. 48 1/2	48 1/2	48 1/4	48 1/2	+ 1/4
800 Inter. Harv. 82	82	82	82	—
240 Int. Harv. pf. 117	117	117	117	—
100 Int. Paper. 47 1/2	47 1/2	47 1/4	47 1/2	+ 1/4
100 Int. Pump. 38 1/2	38 1/2	38 1/4	38 1/2	+ 1/4
100 Int. Pump. pf. 81	81	81	81	—
420 Iowa Central. 18 1/2	18 1/2	18 1/4	18 1/2	+ 1/4
300 Kan. C. & O. 29 1/2	29 1/2	29 1/4	29 1/2	+ 1/4
200 Kan. C. & O. pf. 81 1/2	81 1/2	81 1/4	81 1/2	+ 1/4
800 Laclede Gas. 32	32	32	32	—
1000 Lou. & Nash. 128 1/2	128 1/2	128 1/4	128 1/2	+ 1/4
100 Mackay Co. pf. 72 1/2	72 1/2	72 1/4	72 1/2	+ 1/4
200 M. & P. & S. M. 128 1/2	128 1/2	128 1/4	128 1/2	+ 1/4
200 M. & P. & S. pf. 81 1/2	81 1/2	81 1/4	81 1/2	+ 1/4
400 Mo. Pacific. 30 1/2	30 1/2	30 1/4	30 1/2	+ 1/4
800 Nat. Lead. 51 1/2	51 1/2	51 1/4	51 1/2	+ 1/4
100 N. E. & W. 68 1/2	68 1/2	68 1/4	68 1/2	+ 1/4
3200 N. E. & W. pf. 20 1/2	20 1/2	20 1/4	20 1/2	+ 1/4
1400 Nevada Cen. 21 1/2	21 1/2	21 1/4	21 1/2	+ 1/4
200 N. Y. & B. 72 1/2	72 1/2	72 1/4	72 1/2	+ 1/4
500 N. Y. Central. 118 1/2	118 1/2	118 1/4	118 1/2	+ 1/4

"A Sign of Bull Moves"

Mr. Tubbs Replies to an Inquirer Who Can't Make it Work

EDITOR OF THE TICKER:
Mr. Tubbs' article "A Sign of Bull Moves," seems to have been accepted by THE TICKER family. It must be that I don't understand it.

Perhaps calamity will always be found as excuse when Tubbs' rule does not work. He proves that it works in a bull market, 1907 to 1910, but it doesn't work very well in a bear market.

About May 20, for eight successive days the variation was less than .95 and down below .50 and a few days later a break occurred. The figures showed a better and longer small variation (with also small volumes) than any figures given by Mr. Tubbs. Am I right?—W. B.

There has been no time during the last year when the sign described in my article "A Sign of Bull Moves" has been shown in the market. That fact is pretty good endorsement that there is no prolonged bull move due in this kind of a year. The only time there has been hope that the sign was coming was at the time which you mention in May, 1910. But there were sufficiently definite contributory signs which a student of the market would see against the evidence favoring a bull move, to keep such student from thinking the principle was at work. You will recall that the "sign" was to manifest the principle of scarcity of stocks. Contributory signs, at the time of narrowness in May, 1910, showed that on the top of each little rally stocks were being fed out. They were not scarce.

Again, in the article referred to traders were cautioned to protect trades with a stop loss order. THE TICKER has, more than once, emphasized the necessity of using the stop-loss order. There has never been discovered an absolutely

safe way of trading in the market. All successful trading is based on a plan which shows ultimate net profit—that is, a profit left after deducting losses from gross profit. If you, or anyone else, can find a plan by which all losses can be avoided please give it to us—the quicker, the better.

One other thought should be borne in mind by you and by all subscribers to a magazine like THE TICKER. The magazine intends to help its readers all it can. It does not claim perfection. It instructs and it must then leave the readers to absorb and utilize that instruction as best they can. Some will make good use of it, while others will get little from it. THE TICKER cannot furnish the intelligence which its readers must have to utilize instruction. That intelligence must be possessed by the readers.

To be sure, instruction helps grow intelligence and that is a help which THE TICKER extends, but it is rather too much to expect that the magazine will do all the work.

Therein lies the foundation of all educational systems. A school leads a class through a curriculum. There it must stop. It cannot guarantee its students eternal prosperity. The law school or medical college knows that some of its graduates will be eminently successful while others will make a "mess of it." But it is the duty of the school to work for those who can utilize its instruction and drop the other class from consideration.

So in writing instructive articles on trading in the stock market: some will get much benefit from every thoughtful article while others will get little. We must write for those whom we can help.

F. H. TUBBS.



Stocks and the Stock Market

Review of an Interesting Book Just Published by the American
Academy of Political and Social Science

INTO this book have been collected sixteen special articles in regard to the functions of the stock market, dealings through brokers, stocks for investment, rights, convertible securities, trade barometers, economic crises, electric, mining and industrial stocks, etc., by such authorities as Prof. Huebner, of the University of Pennsylvania, John Moody, Montgomery Rollins, Roger W. Babson, Thomas Gibson, Arthur Selwyn-Brown, Carl Snyder, Edgar J. Meyer, etc.*

Not the least valuable part of the book is an extensive bibliography on securities and stock exchanges, compiled by Prof. Huebner, covering general works, legal treatises, leading court cases, important magazine articles, manuals and handbooks, journals and news services.

* Cloth, 236 pp.; price, \$1.00, postpaid. For sale by Ticker Publishing Company.

Any of the articles in this book might be quoted as of interest to readers of *THE TICKER*, but owing to limited space we content ourselves with reproducing an interesting table from the article entitled "Stocks and Their Features," by John Adams, Jr.

"The participating feature of certain preferred stocks is comparatively unknown to the public; yet it is of the utmost importance, for it is practically only in this class of preferred stocks that the holder has an income unlimited except by the company's earning power. In cumulative preferred stocks he is nearly always limited to his fixed percentage, but here he shares with the common stock the surplus remaining after a certain amount has been paid on that class. Following is a table showing the principal railroad and industrial companies that have included this feature, together with the terms of the participation:

Table of Participating Preferred Stocks.

	Preferred receives	Then common receives	After which
<i>Railroads:</i>			
Buffalo, Roch. & Pittsburg	6%	6%	Both share pro rata.
C., M. & St. P.	7%	7%	" " " "
Chicago & Northwestern	7%	7%	Preferred 3%, then common 3%, then share pro rata.
C., St. P., M. & O.	7%	7%	Both share pro rata.
Hocking Valley	4%	4%	" " " "
Iowa Central	5%	5%	" " " "
Lake Erie & Western	6%	6%	" " " "
Minn. & St. Louis	5%	5%	" " " "
M., St. P. & S. S. M.	7%	7%	Both share pro rata.
N. Y., C. & St. L. 1st pfd.	5%	5%	Second preferred 5%, then all share.
P., C. & St. L.	4%	3%	Preferred 5%, then common 5%, then share.
Wabash	7%	7%	Both share equally.
Wisconsin Central	4%	4%	" " " "
<i>Industrials:</i>			
Allis-Chalmers	7%	7%	Preferred receives 1% extra.
Associated Merchants 1st and 2nd preferred	7%	7%	Both preferreds receive ½% for each 1% paid on common over 7%.
Consolidated Traction	6%	6%	Both share equally.
Electric Storage Battery	1%	1%	" " " "
Pacific Coast 2nd pref.	4%	4%	" " " "
Westinghouse Electric	7%	7%	" " " "

The Investment Digest

THIS Digest is prepared from news appearing in the following publications. Where the name of a banking or brokerage house is given, the matter is from special letter or circular: New York: *Bond Buyer*; *Financial News*; *Wall St. Journal*; *Financial America*; *Moody's Magazine*; *Moody's Manual Supplement*; *Commercial & Fin. Chronicle*; *Financial Age*; *Financial World*; *Railroad Age Gazette*; *U. S. Investor*; *Commercial*; *Brooklyn Eagle*; *Leslie's Weekly*; *Evening Mail*; *Evening Post*; *Herald*; *Journal of Commerce*; *Sun*; *Times*; *Tribune*. Boston: *News Bureau*; *Commercial*; *Financial News*; *Transcript*; *Herald*; *Post*. Chicago: *Record-Herald*; *Tribune*. Philadelphia: *Financial Bulletin*; *Railway World*; *North American*; *Pittsburgh Dispatch*; *Washington Post*; *Louisville Courier-Journal*; *New Orleans Times-Democrat*; *Baltimore Sun*; *St. Louis Post-Dispatch*; *Cincinnati Commercial Tribune*; *Cleveland Commercial Bulletin*; *Memphis Commercial Appeal*. Kansas City: *Star*; *Journal*; *Dallas News*; *Houston Post*; *Seattle Times*; *Toronto Globe*; *Montreal Star*; *Minneapolis Commercial West*; *Birmingham Age-Herald*. San Francisco *Journal of Commerce*; *Denver Post*; *Atlanta Constitution*; *London Statist*. Market Letters: Hayden, Stone & Co.; Clement B. Asbury; John Moody; Thos. Gibson; Trippe & Co.; Thompson, Towle & Co.; Henry Clews & Co.; Swartwout & Appenzeller; J. S. Bache & Co.; W. C. Langley & Co.; Wrenn Bros. & Co.; Robert Goodbody & Co.; Kissell, Kinnicutt & Co.; Alfred Mestre & Co.; J. Frank Howell; Brown Bros. & Co.; Warren, Gzowski & Co., etc., etc. Neither THE TICKER nor the above authorities guarantee the information, but it is from sources considered trustworthy. Owing to the vast amount of information condensed into these pages, many abbreviations are necessary.

Allis Chalmers.—For yr. end. June 30th co. broke all prev. records for gross and net prof. Est. June earn, as the full yrs. fig. have not yet been made up, we underst. that earn. for the yr. amtd. to 3½% to 4% on pfd. shs. Co. has more orders on books than at any prev. time, yet only running 75% of cap. There are 43¼% accrued div. on \$16,150,000 pfd. stk. and there are no indic. of early resump. of div., notwithst. present satis. earn. There are only \$11,148,000 bonds outst., and co. has quick assets of two for one to cover the amt.

Am. Agri. Chemical.—Growth in earn. power of co. during past six yrs. has been magnif., surp. earn. for \$16,991,300 com. during past yr. having amtd. to 10½% against 3½% for fisc. yr. end. June 30, 1905. ¶ The incr. in net prof. of \$513,376, or 21.4% over pre. yr., is only comparable on percent. basis, with incr. of \$378,306 in 1907 over 1906, equiv. to 21.5%. ¶ Incl. all special chges., discount and exp. on bond issue, there was deducted \$2,711,334. Entire chge., except in bond issue, was made in 1910, cleaning up accts. for whole ten yrs.' oper. If one-tenth is proper chge. against profits for 1910 alone, actual earning for 1910 will be reduced \$271,133, leaving 8.82% instead of 10.42% shown above.

Amalgamated-Anaconda.—While ½c. adv. in price of copper is import. to both cos., incr'g net earn. about \$1,250,000 per an., also the fact that the U. M. Selling Co. has disp. of big block of copper. Cos. must be stronger in cash by several millions, for it is est. that \$12,000,000 was tied up in copper Aug. 1st.

Am. Beet Sugar.—For cur. fisc. yr. to end March 31 next co. will prob. show record gross and net and div. for the \$15,000,000 com. stk. is near. Four yrs. ago co. was borrowing \$4,000,000 from banks in order to raise

enough work. cap. to finance approx. \$6,000,000 gross bus. To-day co. has about \$900,000 due on a yr. loan, bal. of orig. loan of \$1,200,000 floated this spring to enable co. to pay off \$3,000,000 6% certif. of indebt. due March last. This loan will be paid out of surp. earn. of cur. yr. and co. will then have left bal. of undiv. profits suf. to more than take care of \$450,000 add'ns to property during yr. After \$900,000 notes have been ret., as they will be before March 31 next, some consid. of div. on com. is almost certain. It is unreason. to expect better than 4% or 5%, which with adequate work. capital now in hand would still leave \$700,000 to \$800,000 for depre. or building of new plants. ¶ Report for late fisc. yr. shows surp. for div. \$1,097,252, or 7.31%, against \$1,047,742, or 6.98% for prev. yr.

Am. Can.—Co.'s gross bus. at present time is showing a large incr. over yr. ago. It is underst. that prac. all plants are working on normal basis and officials confidently expect further imp. during bal. of yr. Outlook points to a record crop of tomatoes, fruit, corn, etc., which will create an unusually large demand for co.'s prod.

Am. Hide & Leather.—Pres. Hall says: "Unfavor. conditions have so far affected the co. that yr.'s oper. have resulted in reduced profit of \$314,237." Although gross bus. was \$18,271,117, or \$800,000 greater than yr. prev., the cost of hides and skins used was \$2,704,484 greater, causing an incr. of \$800,000 in "accts. payable." Manuf. costs showed slight incr., \$3,432,092, against \$3,381,312 in 1909. These factors, and inability to reduce other expenses, total ded. from gross amtd. to \$17,056,880, against \$15,136,855 in 1909, incr. \$2,820,025, which with nominal incr. of only \$800,000 in gross reduced trading profits by \$2,000,000. In being able to size up prob. course of

hide prices—knowing when to go into the market and when to stay out—lies the secret of the bus.

Am. Locomotive.—Improvemt. in the bus. and earn. during fisc. yr. end. June 30 was shown in co.'s an. report for 12 mos. Report showed surp. \$334,758, comp. with deficit of \$762,861 for prev. yr., and a bal. for yr., over the 7% pfd. stk div., equiv. to 1.34% on com., comp. with no bal. for pre. yr. Co.'s gross earn. showed gain of \$13,194,758 and net gain of \$1,255,277 despite incr. in exp. of \$11,939,481. At begin. of fisc. yr. co. had unfilled orders amting. to \$6,150,000, and on July 1, 1910, \$17,550,000.

Am. Smelting & Ref.—An. reports of Am. Smelting and Am. Sm. Securities Co., two affiliated cos., show well as to earn. Am. Smelting reports net earn. \$7,507,916 for yr. end. April 30, a decr. of \$204,063 comp. with pre. yr. After approp. \$461,638 for new const. and imp., there remains a bal. of \$7,046,278 for div. Ded. pfd. div. of \$3,500,000, leaves bal. of \$3,546,278, or 7.09% for the com. Am. Sm. Sec. Co. for yr. end. April 30 shows net earn. \$5,202,310, an incr. of \$1,575,884 over pre. yr., a gain of about 45%. Ded. approp. of \$516,125 for revalu. of metals and \$500,700 for revalu. of investmts., as against nothing in pre. yr., leaves bal. of \$3,653,445, a gain of about 20% over pre. yr. Ded. pfd. "A" and "B" div. of \$2,520,000, leaves final surp. for yr. \$1,133,425, making total surp. accum. since org. \$1,688,197. The final surp. for yr. was eq. to 3.8% on com. stk.

Am. Steel Foundries.—A director is auth. for the statemt. that plants are still running near capacity, but inquiry for new bus. has not been good. For nine mos. end. April 30 a net inc. \$633,880 was shown and report for entire yr. end. July 31 will show about \$1,000,000, or 6%. Actual fig. will not be ready before Oct. Under normal con. the co. could easily earn div. of 5%, the basis upon which stk. was placed April last.

Am. Sugar Ref.—With decl. of next quar. div. of 134% on pfd. and com. stks., co. will have paid 7% on com. for ten yrs. consec. and same amt. on pfd. stock for 20 consec. yrs., or since co.'s incorp. in 1891. It has avged. 9.6% on com., but the com. cap. has been doubled during that period. Co. is in pos. to make extra distrib. on com. stk. any time it sees fit, but directors do not deem it advisable. The co. has not yet escaped from mesh of govt. litigation.

Atchison.—Detailed fig. for yr. show 1% more earned on com. than anticipated. In 1909, Atch. recov. entire loss of 1908. There was good reason to believe 1910 would be yr. of progress as to gross and net. The gross did gain \$12,000,000, but was used up by larger oper. exp., so bal. was same as prev. yr. So far as com. stk. is concerned, has made but little progress in last three yrs. Comp. 1910 with 1907, gross incr. \$13,107,000, yet bal. for com. was less by \$743,000, a difference of \$13,850,000. Analysis of fig., however, puts matter in a different light. In round fig., this incr. of \$13,850,000 is acted. for by incr. in

fixed chgs. \$1,800,000, taxes \$1,000,000, conducting transp. \$4,100,000, and maint. of way \$6,800,000.

Baltimore & Ohio.—B. & O. has decl. to lowest price in two yrs., because of rumors that co. will have to carry out \$30,000,000 of new fin. in near future. Because of report, a comp. large amt. of com. stk. has been liq. Co. but 3 mos. ago sold \$40,000,000 4½% notes, and it is offi. stated that despite large sums being exp. to perfect physical cond. it will not be neces. to carry out any new fin. until 1913. As doubt exists as to ability to main. present rate of div. it may be stated the last fisc. yr. net earn. were \$2,400,000 larger than yr. ago, and nearly \$7,000,000 in exc. of net of 1908, also in 1910 9% was earned, as comp. with 6.62% in 1909 and 5.10% in 1908.

Brooklyn Rapid Transit.—An excellent showing was made in an. report for fisc. yr. end. June 30. Co. earned gross oper. rev. \$20,906,930, or \$1,212,468 more than prev. yr., and net \$9,180,538, or \$880,730 more than prev. yr., while bal. avail. for div. was equiv. to 5.71% on \$45,000,000 outst. cap. stk., comp. with 4.16% for fisc. yr. end. June 30, 1909. ¶ Remarkable results in last nine yrs. is told in following:

Year.	Gross.	Surp.	% on stk.
1910.....	\$20,906,930	\$2,572,220	5.7
1909.....	19,694,462	1,871,179	4.1
1908.....	19,870,586	1,844,092	4.1
1907.....	19,381,587	2,042,396	4.5
1906.....	18,473,328	2,162,609	4.8
1905.....	16,333,444	1,149,934	2.5
1904.....	14,738,709	1,005,201	2.2
1903.....	13,280,321	796,783	1.7
1902.....	12,510,722	18,893	0.04

Canadian Pacific.—Co. has issued prelim. statemt. of inc. for fisc. yr. just end. No Am. R. R. has shown such recov. in earn. power during past yr. Gross earn. incr. 24.4% over last yr., and net 47.4% greater than 1909. Both items are larger than ever before and constitute most astonishing 12-mo. changes. Besides incr. in vol. of bus. is low oper. ratio. Only 64.3% of gross consumed by oper. exp., against 69.9% last yr. This explains in part 47.4% incr. in net. During yr. \$18,600,000 more bus. was handled with incr. cost of but \$7,700,000. After ded. chgs. and pfd. div. bal. for com. stk., incr. 88% over 1909. In other words, almost twice earned for com. this yr. as last. ¶ Earn. 4th week Aug.—Gross, \$2,965,000; inc., \$581,000. Month—Gross, \$8,926,000; inc., \$1,774,000. From July 1—Gross, \$17,586,000; inc., \$3,430,000.

Central of Georgia.—Directors decided that earn. of co. will not war. paymt. of int. this yr. on inc. bonds. Last paymt. on first inc. was 5% in 1907, on second inc. 3.729% in 1907 and on third inc. 5% in 1906. There are outst. \$4,000,000 first, \$7,000,000 second, and \$4,000,000 third inc., all of which are entitled to int. up to 5% if earned. Road is controlled by Ill. Cen., which acq. its \$5,000,000 capital stk. in June, 1909. ¶ Earn 4th week Aug.—Gross, \$313,900; inc., \$45,600. From July 1—Gross, \$1,968,200; inc., \$227,600.

Chesapeake & Ohio.—The 1910 fisc. yr. was most pros. in history. Earn. justify management in placing stk. on 5% div. basis. Gross for yr. totalled \$31,237,000, prev. high mark was \$26,600,000. Net for yr. \$12,300,000, while net for 1909 fisc. yr. was \$10,163,000. "Other inc." for yr. was approx. \$900,000, incr. nearly \$200,000 over prev. yr., but incr. in chgs. and taxes will offset this, so that surp. for com. div. for yr. incr. by about same as net incr. Bal. for div. in 1909 yr. was \$4,012,000. This yr. surp. avail. for div. will be over \$6,000,000, eq. to nearly 10%. ¶ Directors of Ches. & Ohio R. Co. of Ind., formerly Chgo., Cin. & Louisville Ry., are executing a first mtg. of \$40,000,000 in prep. for bond issue. Bonds will bear 5%. The prob. are that only about \$8,200,000 will be issued at once, and turned over to Ches. & Ohio Ry. Co. of Va., the parent co., in reimbursement for acquisition of old C. C. & L.

Chgo. Great Western.—Statemt. for ten mos. oper. since receiver was disch. shows an incr. in gross \$1,182,975, or 13%. Net rev. rose \$1,007,747, or 70%. Oper. exp. was about 76% of gross, comp. with 84% in 1909. Fixed chgs. decr. \$723,220, so net inc. was \$455,775, against a def. last yr. of \$1,405,750. Int. chgs. are still absorbing good part of net earn. ¶ Earn. July—Gross, \$951,437; inc., \$86,413. Net, \$233,807; inc., \$55,886.

Chgo., Ind. & Louisville.—For fisc. yr. end. June 30 last co. earned bal. avail. for div. on com. stk. eq. to 6.30% on \$10,500,000 outst., as comp. with 2.88% in yr. prev. In other words, co.'s bal. avail. was suf. to have paid double amt. of div. to com. stkholders. during year—3¼%. The showing for fisc. period ind. that the Southern and Louis. & Nash. are destined to receive add. rev. from this source. These two systems own 93% of "Monon's" \$10,500,000 outst. com. and 77% of \$5,000,000 pfd.

Chgo., Mil. & St. Paul.—The annual report showed bal. for yr., after div., \$2,450,330. Gross earn., \$64,846,893, incr. of \$4,949,430 over prev. yr., and net \$20,055,896, a decr. of \$1,110,328. Inc. acct. shows, in addition to net from oper., an incr. of \$6,059,495 int. on bonds owned, which incl. \$123,000,000 bonds of Puget Sound Ry., held in St. Paul treas. Report of Puget Sound shows for 11 mos. end. June 30 gross \$10,675,703 and net \$5,490,843. Against net for yr. \$3,666,666 is chgd. as accrued int. Bal. reported by Puget Sound, after paymt. of fixed chgs., \$2,196,205. These fig. prove that, despite incr. of \$100,000,000 new stk. to provide for const. of the exten., St. P. earned \$2,450,000 over all div. requiremts., while Puget Sound in add. to fixed chgs., earned in 11 mos. equiv. to more than 2% on \$100,000,000, all of which bonds are held by parent road. The funded debt of St. P. was incr. during yr. by issue of \$26,807,000 gen. mtg. bonds and \$28,000,000 of 4% debent., and decr. by paying off \$20,956,000 underlying bonds. The road held in treas. at close of yr. \$29,725,000 of its own bonds, which represent actual expend. for exten., imp., add. prop., and underlying bonds

paid and canceled. Bal. sheet of Puget Sound shows in addition to \$100,000,000 of cap. stk. and \$123,000,000 outst. bonds, it owes St. Paul \$15,936,729. The main line mileage on June 30 was 1,401, and total, incl. main and other tracks, was 1,830 miles. ¶ St. P. reports for July: Net oper. inc., \$1,375,832; dec., \$86,090. Puget Sound Ry. reports for July: Gross earn., \$1,142,072; oper. exp., \$607,235; net oper. inc., \$534,837.

Colorado Fuel & Iron.—Net earn. for fisc. yr. end. June 30 last are underst. to be betw. \$4 and \$5 per sh. on \$34,235,500 com., after allowing for yr.'s 8% div. on small issue of \$2,000,000 pfd. No div. have been paid on pfd. for 7 yrs., so that accum. div. of 56% would call for \$1,120,000 or 80% of yr.'s div. prof. above chgs. Gross earn. for 12 mos. just elapsed did not vary mat. from 1909, being about \$20,500,000. This is fully \$2,000,000 per an. below avge. of 1906 to 1908 incl., but introd. of oper. econ., which have brought oper. ratio down to almost 80% it has been poss. to show prof. on smaller vol. of gross.

Colorado & Southern.—Co. earned \$2,950,000, better than \$6 per sh. pro-rated over the 3 issues of stk. The com. is still a 2% stk., so that total div. req. are but \$1,300,000 per an. After paying the two pfd. div. of 4% bal. was equiv. to 7.45% on \$31,000,000 com. Co. has demon. stability of earn. suf. to justify incr. to 4%. No action will be taken until Dec. meeting. Co. has been doing a great deal of work on its lines, of which little has been heard in the East. Now with sale of \$3,000,000 more ref. and ext. 4¼s comes rep't that \$2,600,000 has been spent. ¶ Earn. 4th week Aug.—Gross, \$487,735; inc., \$26,366. Month—Gross, \$1,445,902; inc., \$73,931. From July 1—Gross, \$2,796,320; inc., \$144,540.

Copper Metal.—We are informed that U. M. Selling Co. has sold about 100,000,000 lbs. copper at 12½ and 12¾ cts. during past 2 weeks. The bulk of this was sold for dom. consump. tho. about 35% went to dealers and not first hands. All agencies now quoting 12½ cts.—30 days for Electrolytic, with deliv. thro. Sept. The rep. sales of even a small amt. by Cal. & Hecla at 13 cts. is indic. of better things for the metal. The fact that big interests have awakened to the sit. and less copper prod., will have its effect. With red. prod., consumers will come into market and be more liberal purch., until finally a larger percent. of copper above ground will be in hands of consumers than has been the case in a long time. One of largest sellers of copper says: "There is certainly an imp. in copper metal market, and after sales of over 100,000,000 lbs. it is nat. that prices should improve. Curtailmnt. is already an estab. fact and that over 10,000,000 lbs. of copper per mo. is now being withheld from market indep. of any gen. curtailmnt. plan, of which 3,000,000 lbs. is in Cal., 2,500,000 lbs. at the Lake, 3,000,000 lbs. in Arizona, and as much in Butte. A gen. curtailmnt. will result in further red. of bet. 5 and 7% of total prod., and will bring it down well under consump." ¶ The Rothschilds have put in force at Rio Tinto and other prop. they

control a 15% curtailment, which is now world-wide and must of necessity have effect upon metal market. It is safe to say that mines of the country are to-day prod. 20,000,000 lbs. per mo. less than normal output, and while 7,500,000 lbs. is beyond control, curtailment has already resulted in an imp. of 1/5c. per lb. in price, and a buying movement among consumers which has resulted in bulk of prod. being already sold thro. Sept. and Oct.

Corn Products.—Until recently co. has been oper. full, but has shown heavy falling off as result of decr. consump., and is now grinding about 90,000 bush. a day, a decr. of 10,000. Within last 30 days consump. has dropped about 25%. There have been two reduc. in corn prod. prices over last 3 days, the first five cents per 100 lbs., and the 2nd ten cents.

Denver & Rio Grande.—Annual report is of int. Denver itself had a good yr., and but for large incr. in fixed chgs due to sale of bonds for adv. to Western Pac., would have shown largest surp. after pfd. div. for any yr. except 1907. As it was, actual surp. after 5% pfd. div., which req. \$2,488,990 in 1910, was \$339,177. During yr. co. rec. and paid for 30 locom., 3,960 freight and 8 pas. cars. About 7,800 tons new 85 lb. rails was laid and \$1,288,000 was spent for add. and bettermtns. to roadway, bridges and buildings. Funds spent for new equipmtns. deliv. during yr., incl. partial paymtns. under contract, less credits, \$3,724,180. Total add. to prop. acct. during 12 mos. was \$5,102,540. Denver's roadbed and equipmt. is now in better shape than ever. Co. now has 101 miles double track, nearly all standard gauge, bet. Denver and Salt Lake. Earn. 4th week Aug.—Gross, \$759,900; inc., \$108,300. Month—Gross, \$2,180,600; inc., \$158,500. From July 1—Gross, \$4,192,700; inc., \$226,200.

Distillers Securities.—An. report for fisc. yr. end. June 30th will be issued in Oct., and will show gross prof. about equal to 1909, when co. showed surp. of \$734,000 to cover div. req. of \$679,000. While still on 2% basis, is selling from 15 to 20 points lower than other stks. not paying div., and haven't slightest pros. of paying for long time to come. Asserted in quarters having knowledge of affairs of corp. that div. will not be passed until con. affectg. co. take a mat. turn for the worse, and that it will be paid as long as earned. At close of 1909 fisc. yr. co. had \$5,730,000 accum. surp. on hand out of which div. might be paid. This alone is suff. to take care of div. req. for 8 yrs. to come.

Erie.—In July road had incr. of nearly \$400,000 in rev. over corres. mo. of last yr., and of \$270,000 in net. Oper. ratio, which was 73.9% last yr., was reduced to 70.3%, fig. taxes in with other exp. This makes 7th subst. incr. in co.'s bus. in as many mos. In the 7 mos. road had an aggre. incr. of \$2,442,110 in receipts, or \$4,200,000 per an. Net for this period showed gains every mo. but one. Mo. net earn.:

	1910.	Inc.	% inc.
July	\$1,387,408	\$269,551	24.1
June	1,619,051	173,468	12.0
May	1,271,580	7,457	0.5
April	1,189,785	186,256	18.5
March	1,557,137	190,700	14.8
Feb.	921,231	*21,579	2.2
Jan.	855,561	190,910	29.3

* Decr.

Net earn. have made an aggre. gain of \$996,763 in the 7 mos., at rate of \$1,700,000 per an.

General Electric.—The big gain in gross sales has cut into cash on hand. On Jan. 31, 1909, co. had \$22,233,671, a surprising total and great bulwark of protection. The first of this yr. cash had decl. over \$4,500,000 to \$17,623,466. Due to expansion of last few mos. it has now dropped below \$15,000,000. In 1911 gross gets above \$80,000,000; all of this cash will be req. to fin. co.'s enormous bus.

Great Northern.—Gross rev. for entire yr. were \$10,788,000 ahead of those of 1909. Of this, \$3,030,000 was added to net gain over prev. yr., altho. June ran nearly half a million behind after exp. Road chgd. more to exp. in June than usual. Expend. for maint. of equip. was more than doubled, while an 87% incr. was made in maint. of way. These were due in part to adjustmtns. and extraord. work.

Great Northern Ore.—Trustees decl. a div. of 50 cents a share, payable Sept. 15. A div. for same amt. was decl. six mos. ago, and yr. ago \$1. The div. is payable only to registered holders of reg. engraved certif. Holders of temp. certif. may present same for exch. for reg. certif. at any time. From Aug. 31 to Sept. 16 exch. may be made only in same name in which temp. certif. now stand. Trust has rec. from Steel Corp. total inc. eq. to \$2.67 per sh. Inc. from other leases made up bal. necess. to permit total div. of \$4 per sh. to date.

Illinois Central.—Road closed fisc. yr. 1910 with a \$5,284,550 gain in gross rev. Like many other R. R. prop., however, this gross incr. was reversed to loss in net, amting. to \$676,309. Other inc. and fixed chgs. are expected to approx. dupl. those of 1909, when prop. earned 7.48% for the \$109,296,000 outst. stk. Surp. for stk. past yr. was, therefore, about 6.8%, or less than the 7% decl. Co. makes a practice of keeping on hand special surp. fund for div., which amtd. on June 30, 1909, to \$1,457,887, so that paymt. of reg. div. involved no hardship or deficit. (See Central of Georgia.)

Intercontinental Rubber.—Directors have ratified purch. of \$150,000 pfd. stk., and have voted to retire \$1,000,000 of remaining pfd. at par on Oct. 1, red. pfd. stk. to \$2,000,000. They have decl. reg. quar. div. of 1 1/4% on pfd., payable Oct. 1, and an initial paymt. of 1% on com., payable Nov. 1. Co. has about \$1,500,000 cash in treas. Earn. over all exp. running at rate of \$350,000 per mo., and it is expected that treas. cash, after taking care of one-third of present pfd. stk., will by Jan. 1 amt. to over \$2,000,000.

Int. & Great Western.—Reorg. will take place under third mtg. Of \$2,996,052 bonds outst. under this mtg., Goulds own \$1,896,052 as well as all of \$9,700,000 cap. stk. At forecl. sale set for Sept. 15 protective com. org. in int. of third mtg. bondholders will be prep. to bid in prop. for price of first and second mtg. and int. accrued on latter. Unless this is done second mtg. bondholders will take the prop. Since close of fisc. yr., co. has shown improvemt. in gross comp. with those prior to June 30. For 12 mos. end. June 30, co. rep. incr. in gross of only \$372,000, or 4.72%, comp. with fisc. yr. 1909; in July imp. over corres. mo. of last yr. was \$120,348, or 21%. In Aug. the incr. was \$61,000, or 9.85%. Gross in July, \$692,379, against \$572,031 last yr. Oper. exp. \$585,696, against \$548,475, an incr. of only \$37,211, or 6.7%. Oper. ratio was red. from 96.8% of gross in July, 1909, to 84.5% in 1910, a red. of 12.5%. Net \$106,783, against \$33,656 last yr., an incr. of \$83,127, or 251.4%.

Int. Harvester.—Directors are opposed to building up enormous surp. They are in favor of distrib. to com. sholders. from time to time amts. over and above a conserv. surp. This was shown last Jan. when a stk. div. of \$20,000,000 was decl. At that time surp. stood at \$27,384,729. Net liquid assets appraised val. of real estate at time of org. and spent for new const., approx. \$160,000,000. This gives com. stk. an equity of nearly \$12 a sh., after allowing \$100 for pfd. ¶ Acc. to trustworthy auth., the matter of incr. com. div. will not be consid. until later in yr. and perhaps not until next Spring.

Int. Paper.—If plans carry, co. will incr. present 2% div. on \$22,406,700 pfd. to 4% basis this fall or first of next yr. For fisc. yr. end. June 30 last, co. earned net for pfd. after \$1,163,710 taxes and chges. \$1,017,065, eq. to 4.5%. The div. of 2% left \$568,931 to work. cap. or plant expend. This div. bal. rep. incr. of \$418,963, or 70% over prev. yr. and was obtained through incr. in sales of \$1,220,553, or 7%. There was a good run of bus. in fall, but early in spring prod. was again interrupted by labor strike, which lasted 2½ mos. and cost co. at least \$250,000 net earn. and made it impossible for co. to accum. stock of newsprint. to sell on best markets in several yrs. Barring unexp. devel. during remain. 10 mos. of cur. yr. managemt. expect to show the 6% pfd. div. and add. to work. cap. \$500,000 to \$750,000 after paying 4% div.

Int. Steam Pump.—For past four mos. bus. has been at rate to justify expect. of net prof. for \$17,762,000 com. at least 7%, which if realized would comp. with 3.3% for fisc. yr. to March 31 last. Works oper. at 85% cap. June and July sales are close to record. Barring slump in bus. last six mos., gross sales for full yr. will be about \$18,000,000. Since Guggenheim managemt. assumed control, add. to old plants and acq. of new have incr. cap. about 30%. Co. has acq. by purch. during past 12 or 15 mos. three or four cos., some of them compet., at cost of about \$900,000. In add. expended on plants for add. and imp. to bring total up to \$1,700,000. This will

not req. fin., but taken out of earn. or pro. of \$8,500,000 5% bonds sold last yr.

Kansas City, Mexico & Orient.—July earn. just rep. gives gross \$162,500, against \$143,000 in July yr. ago. The movemt. of new settlers into the Orient territory contin. at heavy rate. Add. equipmt. has been ordered and work is proceeding rapidly on San Angelo section.

Kansas City Southern.—Last fisc. yr. gross earn. were largest in road's history, \$9,723,000, but net earn. were \$120,000 less than 1909 and nearly \$550,000 less than 1907. In fisc. yr. end. June 30th last chges. incr. about \$250,000, while "other inc." was about same fig. shown yr. ago. Fig. on this basis surp. for com. last fisc. yr. after ded. \$840,000 for 4% pfd. div., amted. to \$693,000, eq. to 2.3% on \$30,000,000 com. stk. outst. 1909 fisc. yr. road earned 3.45% on com. stk.; in 1908 2.57%, and in 1907 5.38%.

Laclede Gas.—Co. decl. a quar. div. of 134% on outst. com. stk., thus placing it on a 7% basis. Last yr. co. paid 6%, from 1904 to 1908 it paid 5%, and before 1904 only 4%. Inc. for first six mos. of 1910 incr. nearly 15% over 1909, while gas sales in first two weeks in Aug. incr. about 15% over yr. ago.

Lehigh Valley.—For yr. to end June 30th next co. will have to pay div. on \$20,220,000 add. stk., making total \$60,555,350. In order to pay 8% on this incr. stk. co. will have to show bal. after all chges. for yr. \$4,844,000. If decided to place stk. on 12% basis div. req. would be \$7,266,636. During fisc. yr. end. June 30th last co. earned surp. for div. \$9,373,940. This incl. \$1,136,000 net inc. rec. from its coal co. Therefore even if bus. should fail to show incr. June 30th next, and assuming stk. will be on 12% basis, co. would still show surp. over incr. div. req. more than \$2,000,000. ¶ The total par val. of stks. held by co. June 30 last was \$53,344,422, against \$53,784,772 June 30, 1909, while certif. of indebt. at close of last fisc. period stood at \$10,537,000, being same as in yr. prev.

Long Island.—Pres. Peters says of the inaug. of service via Penn. tunnels: "We handled over 220,000 pass. on Sunday, July 24. We will handle over 300,000 on similar day in 1911. L. I. has grown from pop. of 540,648 in 1869 to 1,805,000 in 1909. The assessed val. has incr. from \$230,000,000 in 1869 to \$1,675,000,000 in 1909. The number of pass. carried by L. I. R. R. in 1869 was 840,000, and in 1909, 27,466,700. Tons of freight carried incr. from 315,000 to 3,596,000."

Louisville & Nashville.—For yrs. 1903 to 1907 when R. R. were making biggest gains, L. & N., so far as earn. appl. to div. were concerned, seemed stagnant. Gross earn. during period showed gain from \$35,000,000 to \$48,000,000, but incr. seemed entirely swallowed up by larger oper. exp. and fixed chges. During this time managemt. were devoting large sums out of earn. toward upbuilding prop., and rather than abandon policy when dep. of 1907-08 came, slight red. was made in div. rate. Net earn. which, in 1909 fisc. yr., dropped 30%, showed good recov. in 1909.

This was largely at exp. of main., and it remained for fisc. yr. just closed for co. to show true earning cap. Record of co. for 8 years has been as follows:

	Net.	Surp.
1902-03.....	\$12,601,058	\$6,211,047
1903-04.....	13,437,398	6,688,171
1904-05.....	13,654,540	6,827,039
1905-06.....	13,642,308	6,348,374
1906-07.....	14,044,397	6,450,521
1907-08.....	10,952,898	2,824,456
1908-09.....	15,679,969	8,132,792
1909-10.....	18,000,000	10,500,000

The 1910 surp., after ded. nearly \$1,000,000 chged to imp. and bettermts., is equiv. to 17½% on stk. This result is remarkable when consid. that 1910 main. chges were larger by \$2,500,000 than those of 1909. ¶ Earn. 4th week Aug.—Gross, \$1,512,955; inc., \$210,248. Month—Gross, \$4,561,685; inc., \$500,243. From July 1—Gross, \$8,763,285; inc., \$813,050.

Missouri, Kan. & Texas.—1909 year showed a little imp. in gross, but prac. none in net, and bal. for com. stk. was equiv. to only one-half of 1%. This last yr. gross earn. show but nom. incr., all absorbed by larger oper. exp., and co. will barely show 4% on pfd. stk. Chges. for up-keep of prop. have been suffi., but not excessive. Trouble seems to be failure to prov. for co.'s growth and needs on broad scale. For five yrs. there has been no change in mileage, while, until recent auth. of \$125,000,000 gen. mtg. bonds, there have been no plans for prov. for fin. needs. Meantime, compet. on every hand have been getting new busi. ¶ In coming yr. co. will have to meet \$500,000 add. int. chgs. on its new \$10,000,000 notes, which means unless yr.'s oper. show imp. over 1910, there will be no surp. whatever after paymt. of usual 4% on the small amt. of pfd. stk.

Missouri Pacific.—As result of suspn. of mining oper. falling off in gross from this source reached \$1,600,000. In spite of loss an. rep. will show gross \$53,019,137, incr. \$6,633,594, or 14.3%. Net earn. after exp. but not taxes will show \$15,471,762, incr. over 1909 \$3,012,733 or 24.1%. Oper. ratio was 70.8% against 73.1% in 1909, while cost of transp'n has been red. to 35% of gross against 39.7% in 1909. Surp. after chges taxes and adjustmts. will be \$2,400,000 or \$2,500,000. Had trouble in coal fields not devel. it would have been \$3,200,000. Ded. from avail. inc. will show incr. of about \$1,700,000 over 1909. Other inc. will show incr. of about \$100,000. ¶ Earn. 4th week Aug.—Gross, \$1,649,000; inc., \$134,000. Month—Gross, \$4,757,000; inc., \$181,000. From July 1—Gross, \$8,969,283; inc., \$386,092.

National En. & Stamping.—Undiv. surp. on June 30, 1909, amtd. to \$1,229,512, which added to the \$263,652 surp. for 12 mos. end. June 30, 1910, brought total on that date up to \$1,493,144. To this add \$1,500,000 gen. reserve acct., makes total reserve and undiv. profits or surp. on June 30, 1910, \$2,993,144.

Nevada Consol.—For quar. end. with June co. prod. 18,000,000 lbs. of copper at net cost of 53½c. lb., breaking all prev. prod. records. This ind. that co. earned for quar. in

ques. \$1,250,000 or \$500,000 above div. req. Net result was not so good, however, as there were def. to be made up in two prev. quar. Co. has demon. that it is not only one of very largest prod., but is the leading low cost prod. Co. is now curtail. 1,000,000 lbs. per mo., but div. are assured under any restrict. of output.

N. Y. Air Brake.—Bookings of co., while not up to level of first half cur. yr., are approx. 100% better than last yr., and as good as 1907. New bus. suffered mat. setback in June as result of curtailment of R. R. equip. orders, but since then there has been a big imp. Output has avged. close to normal since Sept. 1 last, and owing to incr. demand for new style high power brake, on which there is a broader margin of prof. than on old. Unfilled orders amt. to approx. \$1,200,000, eq. over 70% of gross inc. from all sources during entire yr. 1909.

N. Y., New Haven & Hartford.—Earn. for fisc. yr. just ended discl. earn. power on \$121,878,100 stk., entitled to div. of 8.7%, as comp. with but 7.4% in 1909 and 5.3% in 1908. If undiv. earn. of subsid. trolley and steamship cos. were added, there would undoubtedly be a bal. suffi. to wipe out entirely the 3.3% def. after div. for past two years.

Norfolk & Western.—We underst. that incr. in cap. stk. by auth. of \$50,000,000 new conv. bonds and of 500,000 shs. new stk. to take care of conv. of the bonds, will not interfere with plans to incr. com. div. to 6% basis at Oct. or Jan. meeting. It is not the purpose to issue any bonds now, as road can meet fin. req. for some time to come. There are \$9,000,000 4% conv. bonds issue of 1906, also \$12,000,000 Gen. Mtg. 4s auth. in 1904 still unissued. Co.'s cash position very strong, due in part to recent sale of \$11,000,000 conv. bonds to stkholders. Assuming that \$50,000,000 new conv. bonds drawing 4% int. were issued, after deducting one yr.'s int., on basis of last fisc. yr.'s earn., co. would show bal. over 6% div. req. of approx. \$1,400,000. ¶ An. report issued early in Sept. will show the greatest yr. in history of co. Net earn. will be slightly in excess of \$14,000,000, which is about \$2,000,000 greater than those of prev. best yr.

North American.—It is expected that the small def. after pfd. div. for six mos. will be made up during rest of yr. Oper. costs should be lower July, Aug. and Sept. gen. best earn. mos. of yr. Co. controls Mil. Light, Heat & Tract. Co. and Mil. Elec. Ry. & Light Co. Suburban traffic is devel. Gross earn. of Mil. tractions 12% higher than last yr. Oper. costs affected by higher cost of labor. Gen. busi. con. in Mil. excellent and ind. exten. in evidence everywhere. Recently Detroit-Edison Co., another Nor. Am. prop., incr. quar. div. from 1% to 1½% putting \$5,000,000 stk. upon a 6% basis. Of this stk. the N. A. Co. owns \$1,000,000. Det.-Edison earned 8.25% 1909 and cur. earn. in excess of last yr.'s fig.

Northern Pacific.—We underst. that, because of rumors some large stkholders. inquired of managemt. as to prob. of present 7% rate being main., and recd. def. assurances

that reg. div. will be decl. at next meeting. In 1910 fisc. yr., end. June 30th last, N. P. earned its div. with \$2,000,000 to spare. Gross earn. now show fairly good incr. over yr. ago, but net returns contin. to show decr. When full effect of retrenchmt. policy, recently inaug., is felt, decr. in net earn. will be consid. lessened and make fav. comp. with last yr. ¶ J. J. Hill said no danger to the immediate div. future. If inc. from other sources, which amtd. to \$3,700,000 last yr., and fixed chgs., which consumed \$7,125,000, be fig. into this net inc., there remains net surp. appl. to div. \$22,100,000. 7% on \$248,000 calls for \$17,360,000. After loss of \$1,250,000 in gross for Dec., N. P. dug its tracks out from under the snow and wiped out 35% of decr. in the next mo. By end of June and its fisc. yr., there was a gain in gross of more than \$600,000.

Pacific Coast.—With gross earn. of \$7,903,148 in fisc. yr. end. June 30 last co. came within \$83,468 of 1907 record, and bettered 1909 showing by \$1,322,641, or 20%. Net for year was largest in history, \$1,512,479, gain of \$552,990, or 57.6%, over last yr., and \$92,600, or 6%, over 1907. Allowing \$250,000 for bond int., \$50,000 for chgs. and bettermts., and \$76,250 as div. on \$1,525,000 first pfd. stk., net should leave bal. above \$1,100,000, or 10%, for the \$11,000,000 2nd pfd. and com. stk. ¶ The consol. bal. sheet of Pac. Coast and subsid. cos. as of June 30, 1909, carried the prop. at \$19,409,967, together with cur. and other assets, bringing total to \$22,524,795. Capital liab. are \$1,525,000 first pfd. stock, \$4,000,000 2nd pfd., \$7,000,000 com., and \$5,000,000 first mtg. bonds, a total of \$17,525,000, other liab. on above date bringing total to \$19,317,079, leaving prof. and loss credit of \$3,027,715, which was incr. during past fisc. yr. to \$3,500,000.

People's Gas.—Earn. for 8 mos. end. with cur. one are expected to show gross gain of 10% as comp. with corres. period of prec. yr. Based upon these est., and as earn. are always good during remain. 4 mos., war. belief that gross earn. for 1910 should exceed \$16,000,000. Based on above fig. co. should earn 10% on its \$35,000,000 cap. stk. this yr.

Pennsylvania.—The oper. of co.'s own trains into the new terminal and the ult. benefit resulting to the Penn. system is hardly to be measured in dollars, but if we take into acct. incr. economy and impetus given to growth of pass. traffic, not to mention inc. from station selling privileges, it would not be surprising if earn. from terminal make an add. 1% on Penn.'s capital stk. No part of cost of terminal has been borne by L. I. R. R., and it may be assumed that it will pay Penn. rental on basis of number of pass. carried. This rental for 12 mos. should amt. to not less than \$1,000,000. (See Long Island.)

Pere Marquette.—Gross earn. for fisc. yr. end. June 30, were highest in road's history. Net earn., after all chgs., also exhib. subst. incr., leaving surp. equiv. to 4.2% on \$11,157,106 first pfd. stk. outst. This is first time road has earned its first pfd. div., and co. will be able to begin disb. in June, 1911, when cumu. clause goes into effect. Comp. with 1909, there

is an incr. in net of \$429,062. During 1907-8 road failed to earn fixed chgs. by \$393,667.

Pullman.—An. report, now in course of prep. will show gross earn. about \$37,000,000, which will comp. with \$33,800,000 1909 fisc. yr. Bal. avail. for div. can only be approx., but it is expected to be \$19,000,000, eq. to nearly 16% on \$120,000,000 stk. now outst. From this amt., however, depre. chgs for yr., approx. \$2,500,000, should be ded. This will make remain. surp. equal 13.5%.

Railway Steel Spring.—While bus. of many equipmt. cos. has shown mat. falling off in past 3 mos., amting. in some cases to about 50%, the business of this co. is up to normal and plants are working nearly full cap. Showing for fisc. yr. will not be as good as 1909, in which period co. earned for com. div. \$718,000, eq. to 5.32%.

Reading.—Basing est. on pub. statemt. of earn. for 11 mos. to end of May, gross for full yr. approx. \$78,600,000 as comp. with \$75,059,000 in 1909. Surp. for fisc. yr. should total \$10,775,000, incr. \$1,730,000 over surp. earned in prev. yr. Pfd. div. req. \$2,800,000, which, if est. proves correct, leaves a bal. for com. div. eq. to 11.4% on the \$70,000,000. 1909 fisc. yr. bal. for com. eq. 8.9%.

Republic Steel.—Gross profits for fisc. yr. end. June 30 last amtd. to \$4,227,000, against \$2,769,000 1909. That was after ded. \$1,274,000 for maint., against \$887,000 yr. ago. During 1910 co. paid up 63.4% back div. on \$25,000,000 7% cumu. pfd. stk. The surp. for div. after such paymts. amtd. to 7% on pfd. and 4.1% on \$27,191,000 com. ¶ Co.'s net work. assets on Dec. 31, 1909, amtd. to \$11,701,321, comp. with \$7,809,900 June 30, 1909, and \$6,713,821 June 30, 1908. The fin. pos. is now entirely satis. since it has abundant cash and sec. on hand with which to fin. all expan. and meet all mat. oblig. for yrs. to come.

Rock Island.—Altho. gross earn. for last fisc. yr., \$66,220,579, were ahead of prev. rec., in 1909, by \$5,035,692, or 8.2%, owing to the adv. of \$5,545,874, or 13.4%, in oper. exp., net was \$520,181, or 2.7% less than in 1909, and \$1,174,640, or 6%, below 1907, the best prev. record. ¶ Report for July shows incr. in oper. exp. more than double incr. in oper. rev. Incr. are, respectively, \$282,951 and \$105,663, so that net earn. show decr. of \$388,614. Oper. inc. decr. is \$436,368. ¶ Vice-pres. est. R. I. prop. worth \$404,000,000. That brings it within about \$31,000,000 of its cap. Aggre. of sec. outst. is \$435,633,792, as follows: Funded debt of Chgo., R. I. and Pac. Railway (the operating concern), \$218,555,000; col. trust bonds issued against stk. of oper. co. by Chgo., R. I. and Pac. Railroad Co., which is the holding concern, \$77,886,700; com. and pfd. stk. of the Rock Isl. Co., which owns the stk. of the holding co., \$139,192,092—grand total of Rock Isl. securities outst., \$435,633,792.

Seaboard Air Line.—Seaboard A. L. system reports for yr. end. June 30 last a surp. of \$1,895,253, incr. \$1,324,529. ¶ The Seaboard Co. was incorp. in 1905 to acquire and hold capital stks. of Seaboard Air Line for the purpose of prov. cash for imp. and liq. the

floating debt. Up to end of fisc. yr. 1908 the holding co. had acq. \$21,324,600 of the pfd. and \$29,576,800 of the com. by exch. Seaboard Co. has outst. \$6,360,600 of first pfd., \$15,993,650 second pfd. and \$28,545,775 of com. The div. on first pfd. was non-cumu. up to July 1, 1910, but became cumu. on that date. The full 5% was paid in 1906 and 2½% in 1907, since which none has been paid until the 2½% now decl.

Sears-Roebuck Co.—July earn. rep. to be largest for any mo. in its history. Incr. over July, 1909, is 24.7%. July, 1909, was a banner mo. and set new records for inc. earn. over prev. Julys. It is said that if growth in bus. contin. at pres. rate the co. will show gross earn. for cur. yr. bet. \$65,000,000 and \$70,000,000. Sales for fisc. yr. end. Dec. 31, 1909, were \$51,011,536, inc. of \$10,628,068 over 1908.

Southern Railway.—An. rep. for fisc. yr. end. June 30th will show most pros. in history. Gross earn. for period \$57,291,000, inc. \$5,600,000 over 1909 fisc. yr. Net earn. \$16,698,000, inc. nearly \$2,000,000 over prev. yr. In 1909 fisc. yr. surp. earn. eq. 5.98% on pfd. ¶ Earn. 4th week Aug.—Gross, \$1,592,173; inc., \$88,362. Month—Gross, \$4,869,872; inc., \$229,136. From July 1—Gross, \$9,649,524; inc., \$648,291.

St. Louis Southwestern.—Criticism is made of method adopted in issuing mo. reports of earn. because fixed chgs. do not incl. int. on inc. bond certif. in hands of public. It is therefore asserted that report for 12 mos., showing surp. of \$938,166 after fixed chgs., is not a true statem. inasmuch as int. on inc. bond certif. for yr., amting to approx. \$121,000, remains yet to be deducted.

St. Louis & San Fran.—Gross earn. from oper. were consid. the best in history, while oper. costs adv. to such extent as to cause decl. in net rev. comp. with prev. yr. Gross oper. rev. was \$41,165,939, increase \$3,408,953, or about 9%, over 1909, and as comp. with 1907, the best prev. yr., a gain of \$2,544,872, or 6.6%. On other hand, oper. exp., \$28,676,842 were approx. 15.8% greater than in 1909, the prev. high record. Net oper. rev., \$12,489,097, was 3.9% less than in 1909 and 9.1% below 1907.

Toledo, St. Louis & Western.—Exec. comm. has directed paymt. of reg. quar. div. of 1% on stk., payable Oct. 15. In no time has there been any question regarding paymt. of reg. div. on pfd. stk. This div. is being earned by road itself and therefore no part of inc. derived from Alton stk. is needed to pay div. ¶ July rep. shows almost same earn. as for mo. of yr. prev. 1910 fig. were \$84,138, and those for 1909, \$84,841. The bus. along the road is quieting down, gross of \$288,000 being falling off of \$14,000. Expenses and taxes were red. \$9,000 and net inc. fell to \$62,200.

Union Pac.—Southern Pac.—Prelim. statemts. of inc. acct. show for yr. end. June 30, 1910, U. P. earned 19.26% on \$216,579,700 com. stk. now outst., against 17.36% last yr. and S. P. 13% on \$272,672,200 stk. against 9.83% yr. ago. Earn. of the two prop. for fiscal yr.

1910 of U. P. partic. does not indic. the earn. power because of extraord. outlay this yr. to offset prev. retrenchmt. It is the yr.'s gain of \$11,477,630 in gross that bespeaks road's future rather inc. of \$1,794,066 net. ¶ U. P. inc. fig. for fisc. yr. 1910 with changes from 1909:

	1910.	Incr. over 1909.
Gross rev.	\$90,228,092	\$11,477,631
Oper. net	40,028,880	1,794,066
Other inc.	18,962,607	1,226,213
Total inc.	58,991,487	3,020,280
Fixed and other chgs.	13,281,888	*1,090,918
Pfd. div.	3,981,760	*64
Bal. for com.	41,727,839	4,111,262

* Decr.

Incr. of \$1,226,213 in other inc. due to inc. inc. from investmts. because of add. subs. to N. Y. Cen. and Northwestern stks., and purch. of 12,000 shs. Ill. Cen. and 24,100 add. shs. of So. Pac., together with consid. interest rec'd on money loaned, derived chiefly from sale of Short Line's St. Paul com., Great Nor., Nor. Pac., and Atch. pfd. Fixed chgs. decr. almost entirely thro. retiremt. of about \$30,000,000 U. P. conv. exchanged for stk. in first half of fisc. yr. ¶ S. P.'s prelim. inc. acct.:

	1910.	Incr. over 1909
Gross rev.	\$135,022,607	\$14,500,698
Oper. net.	47,238,385	6,300,851
Other inc.	10,768,010	*5,495,661
Total inc.	58,006,395	11,796,512
Fixed and other chgs.	22,545,208	3,150,266
Bal. for com.	35,461,187	8,646,246

* Incl. \$4,590,000 extra div. on Wells-Fargo stk.

Incr. of \$905,661 in other inc. was due to added int. recd. on loans, S. P.'s position in this respect having been reversed from borrower to lender thro. issue of \$81,814,000 conv. bonds as of June 1, 1909. On same acct. fixed chgs. inc. \$3,000,000.

U. S. Cast Iron Pipe.—Officers of the co. say that earn. for first quar. of present fisc. yr. are in excess of amt. req. to pay 1¼% which has been decl. to pfd. stkhlders., but believe that a conserv. policy should be pursued owing to present condition of gen. bus. If inc. profits during bal. of yr. warrant it, decl. of div. can be inc. to 7% per an.

U. S. Rubber.—The Revere Rubber Co. which was purch. by U. S. R. Co. eight or nine mos. ago, will, by first of Jan. next, have a second plant in oper. for excl. manuf. of auto. tires. ¶ At present Revere is running at 75% of cap. Rubber Goods Manuf. has since Jan. 1 booked orders or made deliv. of almost \$20,000,000 of supplies, which is within \$5,000,000 of total shipped in 1909 fisc. yr. It is reasonable to expect rec. sales this cur. fisc. yr.

U. S. Steel.—The co. has discov. a process whereby vast quantities of ore dust, for which no use has heretofore been found, are to be utilized. The dust is to be made into briquettes and utilized in making pig iron. Steel men regard the step of equal importance to devel. of

the cement industry from furnace slag. Along the terminal R. R. of the Carnegie Steel Co. 200,000 tons of ore dust are piled. ¶ Corp.'s cash in bank runs close to \$75,000,000. Since first of yr. it has been showing large surp. after all outlays for new const. With present capacity it can satisfy a large incr. in consump. of steel for several yrs. Shipmts. of iron this mo. will run close to 1,000,000 tons, and as result Aug. earn. may be \$14,000,000. ¶ After two yrs. prep. the Corp. has started work upon mammoth steel plant at Duluth, for which \$10,000,000 has been set aside. This import. devel. will permit manuf. of steel pract. at mines; plant will serve large western terr'y and effect great econ. in freights, both in transp. of raw mat. and finished prod. Of great import. is fact that Corp. has started such a large expan. policy at this time.

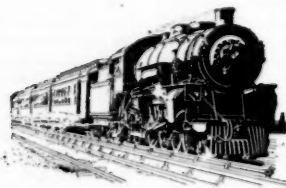
Utah Copper.—At request of a large shholding. int. in Nevada Consol. the Utah Co. has agreed to tender it the right to make exch. of its Nevada for Utah on basis orig. offered to all shholders—2¼ for 1. This offer was accepted, placing a block in excess of 43,000 shs. in treas. of the Utah Co., giving it excess of 50% of present outst. cap. of Nevada now standing at about 1,990,000. This exch. will set at rest all further discussion regarding phys. control of Nevada by Utah, as latter now owns an actual maj., altho. ever since the exch., some mos. ago, it has been in prac. control. As we know of no large blocks of Nevada that were not exch., with exception of those held in Phila., it is a natural ded. that the shs. recently offered belonged to the Phila. interests.

Virginia Caro. Chemical.—The fisc. yr. end. May 31 last, was fully up to expect. Bal. avail. for com. div. of \$2,916,620 being equiv. to 10.42% on com. stk. This is the best showing co. has ever made, and furnishes ample

basis for action in decl. div. of 5% on com. stk. to be paid quar. during next yr. The incr. in net of \$827,688 is equiv. to gain of 18% over last yr.'s, and a 5% div. on \$27,894,400 com. outst. calls for \$1,399,220, leaving surp. for yr. 1,517,400 and giving the co. a total surp., before making allowances for reserves, \$9,320,162. In past five yrs. co. has incr. its profit and loss surp. more than 100%, the total now being \$9,879,851, as comp. with \$4,810,759 at close of 1906.

Wabash.—Pres. Delano est. that surp. for yr. will not exceed \$550,000, had the mining suspens. not occurred it would have closely approached \$1,000,000. He attrib. to this cause a red. of over \$350,000 in net. Gross earn. were red. more than \$300,000 and exp. incr. propor. In spite of this unfav. feature, road showed for yr. gross earn. of \$28,886,000, an incr. of \$3,018,000, or 11.7% over 1909, larger than in any prev. yr. by \$1,400,000. Net incr. \$1,239,000, or 17.4%, \$800,000 higher than in any prev. yr. Surp. after chges., add. and bet-termts. will show an imp. of \$700,000, the fig. for past yr. show \$550,000 against a def. of \$159,000 in 1909. ¶ Earn. 4th week Aug.—Gross, \$900,317; inc., \$78,669. Month—Gross, \$2,723,454; inc., \$99,286. From July 1—Gross, \$5,023,594; inc., \$161,060.

Westinghouse Electric.—For 4 mos. to Aug. 1 gross orders booked were bet. \$12,500,000 and \$13,000,000, or at rate of \$37,000,000 per an. If new bus. contin. for bal. of yr. at rate shown since Jan. 1, gross sales for yr. to March 31 will be very close to \$40,000,000. Co. has on pay-rolls 19,000 names, an incr. 2,500 in past 3 mos. It is underst. that for first quar. of cur. fisc. yr. net manuf. prof. were better than \$1,700,000 or at rate of \$6,800,000 per an., suffi. to leave balance after int. and pfd. div. of 12% to 13% on com. stk.



Legal Inquiries

In this department Lindsay Russell, of the law firm of McLaughlin, Russell, Coe & Sprague, will answer inquiries in regard to all legal questions arising between broker and client. Mr. Russell's wide experience as receiver for numerous failed firms makes him a recognized authority on such questions.

Puts and Calls.

Please examine the enclosed copies of options used by a brokerage house in this city and say whether their use would be legal in New York or whether they would be considered an infraction of the bucket shop law.

—F. W.

PUT.

In consideration of the sum of \$200, receipt of which is hereby acknowledged, the bearer may deliver to us 100 shares of Union Pacific at 183 $\frac{3}{4}$ at any time before the stock sells at that price on the New York Stock Exchange. This privilege can be extended any time before expiring as above, on payment of \$100 for each point extension.

(Signed) _____

Market price now 182. All dividends for which the books close in the meantime go with the stocks.

(Result: U. P. declined to 181 $\frac{3}{4}$ when option was closed and \$200 paid back.)

CALL.

In consideration of the sum of \$200, receipt of which is hereby acknowledged, the bearer may call upon us for 100 shares of Union Pacific at 180 at any time before the stock sells at that price on the New York Stock Exchange. This privilege can be extended any time before expiring as above, on payment of \$100 for each point extension.

(Signed) _____

Market price now 181 $\frac{3}{4}$. All dividends for which the books close in the meantime go with the stock. Interest on \$18,000 at 5 per cent. per annum if not closed on date issued.

(Result: U. P. advanced to 182 $\frac{3}{4}$ when option was closed and \$225 paid.)

ANS.—An actual purchase for future delivery or contract for actual future delivery is not illegal under the laws of the State of New York. Under the Penal Law of the State, the article devoted to "Bucket Shops" makes illegal a contract respecting the purchase or sale of securities either upon credit or margin only when both of the parties thereto intend that such contract shall be or may be terminated, closed, or settled according to or upon the basis of the quotations on any Exchange upon which such securities are dealt in, without intending a *bona fide* purchase or sale of the same, or wherein both the parties intend that the contract shall be closed when the quotations for the securities reach a certain figure therein specified, without actually intending a *bona fide* purchase or sale of the same, or wherein both the parties do not intend a *bona fide* receipt or delivery of the securities, but do intend a settlement of the contract upon the difference in the prices at which the securities are or are asserted to be bought or sold. It is provided, moreover, that both parties must concur in the agreement dispensing with an actual or *bona fide* delivery or receipt of the securities and it is of itself insufficient to render the contract illegal under this article if the intention of one of the parties only to so treat the contract is undisclosed or uncommunicated to the other party. The ordinary "put" or "call" is strictly limited to a time certain, but the ones accompanying this inquiry are limited to any time before the stock therein mentioned sells at the given price on the New York Stock Exchange. The contracts accompanying this are not of themselves illegal and would be rendered so only if the parties thereto did not intend an actual *bona fide* delivery according to the terms of the contract, but, on the contrary, did intend a settlement upon the basis outlined above.



Technical Inquiries

WE DO NOT GIVE ADVICE OR OPINIONS UPON SECURITIES OR PROBABLE MARKET MOVEMENTS, EXCEPT AS MAY BE IMPLIED IN THE "MARKET OUTLOOK" OR THE "BARGAIN INDICATOR."

This department is to answer miscellaneous questions in regard to the science of investment, methods of operating, the customs of the markets, etc. Please write questions briefly and, if personal reply is desired, enclose stamped and self-addressed envelope. Address INQUIRY DEPARTMENT.

Idle Cars.

G. R.—The statistics on idle cars are made public every two weeks. Therefore you do not get from THE TICKER a complete list of such figures as made public by the railway association. However, the comparisons given in Essential Statistics enable you to keep track of the situation pretty closely.

Stop Loss Orders on Short Side.

L. T. L.—You can use the "stop loss order" on the short side just the same as on the long side. For example, if you are short 100 Reading, and the present price of that stock is 160, you can instruct your broker to buy 100 Reading on a stop at 162, 165, or any other price you may desire. This will mean that when Reading reaches your stop price your broker is to buy 100 shares at the market. In an active stock and under normal market conditions he will usually be able to execute your stop at the exact price, while in an inactive security or in a wild market, he might be obliged to pay a fraction over your price.

Elementary Information.

Can you recommend a book whereby I can learn something in regard to stocks—something that will explain the various terms and describe the different operations used in the stock market?—W. G.

You will find the bound volumes of THE TICKER better than anything else in the way of elementary instruction in regard to the stock market. You will notice the advertisement of these volumes in the current number.

In each issue we answer inquiries received from our readers during the month, and these inquiries, which run throughout the five volumes, cover practically all the information you would desire. The "ABC of Wall Street," price 66c. postpaid, is also a useful little book covering elementary points. "Money and Investments" (\$2.14) and "Smith's Financial Dictionary" (\$2.25) are also excellent reference books.

"Long" and "Short."

Will you kindly inform me what is meant by trading on the long and short side of the

market, also "long pull"? I'm a novice.—A. G.

You are on the long side of the market when you buy and hold for an advance. As long as you hold your purchase you are said to be long. You are on the short side of the market when you sell stocks or grain for future delivery with the expectation of repurchasing at a lower price. The expression "long pull" is used to indicate a purchase or short sale which is expected to remain open for a considerable length of time as contrasted with a trade which you expect to close within a short time. Would suggest that you purchase Nelson's "A B C of Wall Street," price \$1.06 postpaid, or "Money and Investments," price \$2.14 postpaid. The latter is the more complete work and in it all subjects connected with speculative markets and finance are arranged in alphabetical order for easy reference. We have these books in stock.

The Cycle 1858-1873.

J. S.—Replying to your inquiry as to whether we anticipate a repetition of the continued decline in the stock market which occurred from 1871 to 1873, we do not believe any close correspondence between the cycle from 1858 to 1873, and that which began in 1894, can be expected. You will remember that 1873 was the year of the resumption of specie payments by the Government. The retirement of the enormous volume of paper currency greatly affected the condition of trade, and thus indirectly the stock market, during that period. Our present currency has been largely increased during recent years, but the increase is composed almost entirely of gold. The increase in paper money has been relatively unimportant. This is only one of the important things which make conditions now quite different from those of the Civil War cycle.

Detecting Accumulation and Distribution.

In keeping a figure chart to detect accumulation or distribution, is it necessary to keep a separate chart for each one of the leading stocks?—M. R.

Rollo Tape writes as follows: "In order to

detect accumulation or distribution by the smaller pools which work in individual stocks, it is necessary to keep a chart on the particular stock you desire to operate in, or on six or eight of the leading speculative stocks. In some cases pools in these stocks act independently of each other, and independent of the market as a whole. In most cases, however, the leading speculative rails act substantially in unison, so far as the important swings are concerned. The industrial stocks depend more on the conditions surrounding the particular industry which each one represents. As it is but little trouble to keep figure charts, I would recommend that you keep an average chart including ten or more of the standard active railway stocks. Then keep a separate chart on each one of six or eight of the leading stocks in which you are interested, including Copper and Steel, and Smelting if desired."

Pyramiding.

Kindly oblige by giving your opinion regarding the following method of trading: Buy on 50 per cent. margin in panic and pyramid on the advance, with stop orders. For instance, I buy 100 shares of Steel at 40 with \$2,000 cash. At 50 I buy 100 more shares and place stop order at 46, and so on.—A. P.

The method you propose would be all right for an expert operator who was thoroughly familiar with the technical condition of the stock market from week to week. If, however, you trade on the investment plan we believe you would make more money in the end if you do not pyramid after making your first purchase on a 50 per cent. margin. Pyramiding is a dangerous method except for those who are thoroughly expert in the art of speculation, and even for them it is not a method to be recommended except in certain conditions of the market especially favorable for its use. It does not pay to be too much in a hurry when operating in the stock market. Haste makes more waste there than anywhere else.

Form of Wire Order.

Assuming that I should want, for instance, to wire my broker an order to sell short 50 shares of U. S. Steel at 80, and should wish to protect my sale with a two-point stop order, would the following be considered good wording for such a wire: "Sell short 50 shares Steel at 80 and place stop order two points above purchase price"? If I should wire my broker to buy 100 shares Reading would he buy 100 \$50 shares or 100 "double" shares?—W. N.

Your wire to the broker should read as follows: "Sell 50 Steel 80, stop 82." It is not necessary to tell your broker that you wish to sell short. He knows that if you are not long you are selling short.

In regard to your second question, he would buy 100 shares at \$50 par which is equal to 50 shares of any \$100 stock; 100 of Reading is

always 100 shares without regard to the par value. If you wish to sell 100 "full shares" of Reading say so in so many words, or else say, "Sell 200 Reading."

Doubtless you understand that your orders will be entered good for the day only unless you place them "g. t. c."—"good till countermanded." Some brokers always consider a stop loss order "g. t. c.," but it is best to specify exactly.

Execution of Odd Lots.

M. F.—No New York Stock Exchange house makes a practice of charging an extra $\frac{1}{8}$ for odd lots. In some of the less active stocks, however, it is usually impossible to purchase odd lots at the exact market for 100-share lots owing to the limited trading in odd lots in such stocks. In stocks like Union, Reading, Steel and Copper, however, there the bid and asked prices are only $\frac{1}{8}$ apart, the execution of odd lots should be substantially the same as for 100-share lots. Several houses known as odd lot dealers make a specialty of standing ready to purchase, at any time, odd lots of the active stocks at the bid price for 100-share lots, or to sell odd lots at the asked price for 100-share lots. Therefore, any New York Stock Exchange house should be able to execute trades in odd lots on this basis.

You must bear in mind, however, that trades in 100-share lots are quoted on the tape, while odd lots are not usually quoted. Therefore, in one sense, orders for 100-share lots must always be executed "at the market," because such round lots make the market as recorded on the tape; while odd lots, even if executed at the price which would have been obtained for a 100-share lot, may appear to vary from the last figure recorded.

Should Broker Give Advice?

I will thank you to express your opinion of the following treatment I received at the hands of my broker: I was short a considerable quantity of a certain stock during the last break, but had a small loss. In spite of the falling market, my stock held very firm, being apparently oversold. In talking with my broker over the 'phone, I asked his opinion as to what course I should take. He appeared unwilling to commit himself, but when I insisted, stated plainly that "he did not care to offer his advice—that it was a bad policy." I then followed my own judgment, took a loss, and the stock then dropped three points! Had I received the slightest encouragement I would have held on, but as I was really carrying more than I could afford, in my anxiety was over-cautious. Do you not think that I would be justified in doing no further business with a house that accords me such treatment?—A. C. Y.

We do not think you have any cause to complain against the broker. If brokers could predict three-point moves in the market, they would all be so wealthy that they would quit the brokerage business at once. Doubtless your broker would be willing to express a

conservative opinion on the investment situation, but many of the most reliable brokerage houses will not attempt to express opinions as to the small fluctuations of the market.

Getting Cash in a Panic.

I have been a subscriber to your magazine for some three years now and have been very much interested in your articles on buying in panics. One thing I would like to ask is concerning the deposit of money while awaiting the panics. You say to deposit the money in trust companies paying 3 or 4 per cent. What I wish to know is whether in following out this advice there is not a possibility of not being able to get the cash at the time when it was most wanted. In the fall of 1907 I remember that the banks were refusing to cash all checks, so that a person would be unable to get hold of the cash which is so necessary in time of panic.—H. B.

Cash is one thing, and a check for your balance is another. In the panic of 1907, actual cash was scarce, but no one who had a balance in a prominent institution would have been refused a draft upon that bank. In other words, you could have drawn checks on your bank during the 1907 panic the same as at any other time; if, however, you had wanted a large quantity of cash, the bank would have refused, because they did not have enough cash to supply all demands.

It is not necessary to pay cash when you buy securities. You can draw your check in payment therefor. In time of panic, you can have the trust company buy the security you wish, and charge the cost to your account. The trust company will then have the certificate transferred to your name and forward it to you. This costs you no more than the regular brokerage fee of $\frac{1}{8}$ per cent.

Puts and Calls.

If puts and calls are so sure and safe why don't more traders use them, instead of operating on a margin?—W. W.

The reason that "puts and calls" are not more generally used is, briefly, because when you buy a put you are paying for the privilege of selling below the market price, and when you buy a call you are paying for the privilege of buying above the market price. It is plain that an expenditure of that kind is justifiable only for the purpose of insuring yourself against a loss on a trade which is too large for you to margin beyond the reasonable limits which prices might reach. A margin of 50 per cent. is ordinarily better than protection by the purchase of puts, because when you buy puts the money paid for them is lost, no matter which way the market may go.

There is, however, a proper use for puts and calls. For example, if the market has had a long decline and if you believe it is at a turning point, you may logically buy stocks and protect them by the purchase of puts, or buy calls, with the expectation of calling the

stock, in the belief that, owing to the position of the market at that time, the chances of an advance are very much greater than the chances of a decline. If you find by experiment that under circumstances as just described you are likely to be right once out of three times, you can stand the loss of the money paid for privileges the two times you are wrong in view of the profits you will obtain the one time you are right.

In short, the reason why puts and calls are not more generally used is that after purchasing them you start with an initial loss equal to the cost of the privileges, which must be made up in your profits from the trade.

The Old, Old Delusion.

What is the best way to speculate in stocks? I can be in the Wall Street district and give my whole time to speculation every day.

I have been thinking of spending my time in the customers' room of a broker's office and watching the news and quotations and as soon as quotations seem to indicate a sharp rally or decline, I will get in the market, either buying or selling short, according to the trend, and as soon as the movement becomes dull or begins to react I will take my profits. If a movement should turn against me I would immediately (before it had reached $\frac{1}{4}$ point) put in an order to stop the loss. I think I can reduce my losses to an average of one-half point. I think it would be advisable for me to get out of the market before the close, and that I could make $\frac{1}{4}$ to 1 point a day average. I would trade only in the leading stocks such as Reading, Union Pacific, So. Pacific, U. S. Steel, etc.

Please tell me whether I can do this.—C. G.

We do not believe that you will be able to succeed on the plan outlined in your letter. We do not think that any one, with a possible exception of the members of the Stock Exchange who spend their time on the floor watching the market, can guess the small fluctuations of prices from hour to hour. We feel certain that when you have to pay $\frac{1}{8}$ commission each way, plus taxes and the "invisible $\frac{1}{8}$ " (see previous numbers of THE TICKER), you cannot scalp out profits on the average by watching quotations as they are posted in a brokerage house. We know it looks feasible as you see quotations come in, and that is the reason why millions of dollars have been lost in experiments of this kind. Only an expert tape reader could do what you plan.

What is "A Decided Movement"?

Thinking Canadian Pacific was high at 189 I sold 100 shares on a 10-point margin and three days later the stock jumped to 195 and I had to buy it back at 194 $\frac{1}{8}$. My instructions to the leading brokerage firm here were to let me know at once if any decided movement either way took place and this was entirely disregarded. If you can suggest a way of recovering this money I shall be very thankful.—R.

The instructions given to your broker to let you know if any "decided movement" took place, were not definite enough. His idea as to what constituted a decided movement might be entirely different from yours. Canadian Pacific is often a wide mover, and a five-point advance in it might or might not be considered a decided movement, according to the ideas of different people.

The most practical way for you to recover your losses would be to wait patiently for the next panic, and then buy outright for cash as many shares as you can pay for of one of the standard, active, dividend-paying railroad stocks, and hold it until the next boom, or until you have a satisfactory profit. The dividends will be giving you a good return on your investment all the time, so you need be in no hurry about selling. This may seem to you a slow method, but unless you have made a thorough study of the markets and have had considerable experience, it is the safest method. Trading on margin is a business in itself and must be carefully studied over a considerable period before it can be made a success, just like the banking business or the real estate business, law, medicine or anything else. Buying outright when you know prices are low, and after a big decline, is, however, merely the exercise of ordinary horse sense, and does not require any such degree of special training as trading on margin.

good and bad times and numerous price-making factors. But, in a few years, the exuberance of the advance will be passed; the powerful counteracting influences will assert themselves; and the advance will halt. In the period which will follow, it will be necessary for the production of gold to greatly increase from the present average yearly output in order that the upward movement in prices may again assert itself. Failing that, there is likely to ensue a period in which average prices will be nearly stationary, being governed by a number of price-making factors, the most important of which have been discussed herein."

Poor's Manual of Railroads for 1910; 43rd annual number; contains 2,685 pages of text and is about 25 per cent. larger than the 1909 edition. Price \$10 delivered. For sale by Ticker Pub. Co.

Devoted exclusively to statements of railroads and street railways, the statements of industrial corporations having been incorporated in a new work, "Poor's Manual of Industrials," of 2,300 pages, which the Manual Company issued last May. The R. R. Manual this year appears in a new and attractive type, larger and more legible than the type used in former editions. A new feature is the large number of analytical tables, so constructed as to afford a test of the financial strength and the operating efficiency of every important system. These analytical tables, which have never before been presented to the public in a reference work, will be found very valuable. We reproduce the following:

Book Reviews

Gold Production and Future Prices, by Harrison H. Brace; 145 pp., cloth, \$1.50 net. (Bankers' Pub. Co.) For sale by Ticker Pub. Co.

The aim of this book is to discuss the most important of the influences which may affect future average prices, the whole being considered with reference to the question of increased gold production. The history of prices is narrated; and the effects of previous periods of increased production of the precious metals are carefully noted. The recent improvements in the mining and milling of gold are described and their future effects upon the production of that metal are estimated. The most important of the influences which may affect prices in the way of augmenting the effects of the increased production of gold are taken up and discussed. A chapter is devoted to a consideration of the counteracting influences.

The author's conclusion is as follows: "Owing to the increased production of gold, the prices of commodities are likely to have an important advance from their present level. This advance will be broken by minor surface reactions caused by the alternations of

RAILROAD CAPITALIZATION AND RETURNS.

	Interest, Average Rate, Per Cent.	Dividends, Average Rate, Per Cent.	Per Ton per Mile Average Rate, Cents.	Per Passenger per Mile, Average Rate, Cents.
1883.....	4.04	2.76	1.224	2.422
1884.....	4.82	2.50	1.124	2.356
1885.....	4.97	2.00	1.057	2.199
1886.....	4.86	2.02	1.042	2.194
1887.....	4.86	2.17	1.084	2.276
1888.....	4.48	1.80	0.977	2.246
1889.....	4.53	1.79	0.970	2.169
1890.....	4.44	1.82	0.927	2.174
1891.....	4.41	1.87	0.929	2.184
1892.....	4.25	1.93	0.941	2.168
1893.....	4.31	1.88	0.893	2.072
1894.....	4.19	1.66	0.684	2.025
1895.....	4.24	1.58	0.839	2.069
1896.....	4.45	1.52	0.821	2.032
1897.....	4.24	1.51	0.797	2.029
1898.....	4.31	1.71	0.758	1.994
1899.....	4.26	1.92	0.726	2.002
1900.....	4.27	2.44	0.746	2.031
1901.....	4.24	2.65	0.756	2.028
1902.....	4.10	2.97	0.764	2.012
1903.....	4.17	3.03	0.781	2.052
1904.....	4.01	3.21	0.793	2.058
1905.....	3.79	3.27	0.784	2.028
1906.....	3.99	3.63	0.766	2.011
1907.....	3.87	3.72	0.782	2.040
1908.....	3.88	3.50	0.765	1.950
1909.....	3.87	3.08	0.757	1.924

Handbook of the Cobalt Silver District, by H. P. Davis; 108 pp., illustrated, stiff paper binding, \$2.10 postpaid. For sale by Ticker Pub. Co.

This book is a directory of mining companies operating in the Cobalt district; but it gives much more information than the usual investor's handbook. For the non-technical investor the book gives an intelligent account of the Cobalt district. It is illustrated and covers in a very businesslike way all the details that one is apt to need in regard to these properties. Altogether, the work is a valuable one as a reference guide.

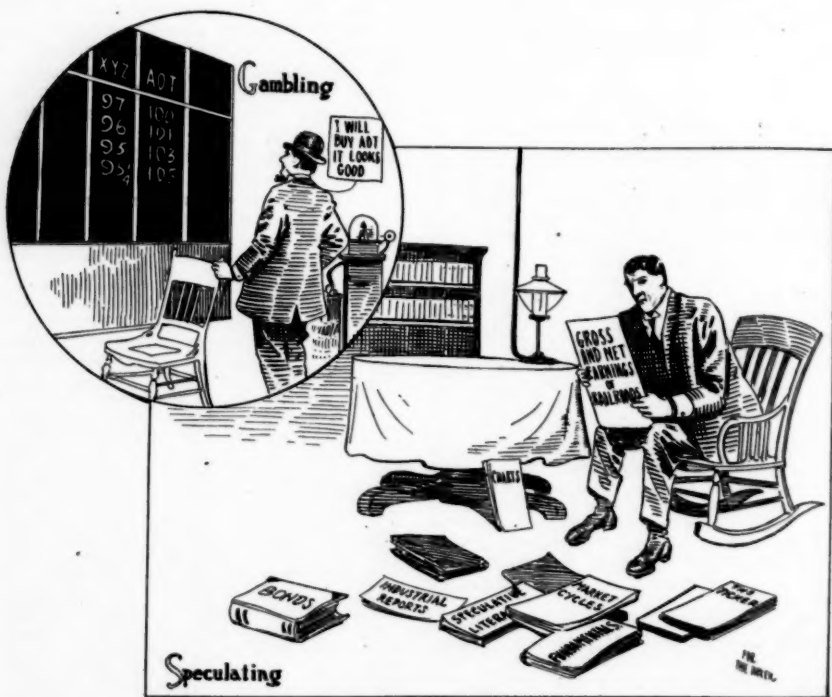
Thanks!

WE desire to thank the very large number of readers who filled out the blank in the September TICKER. From many we received appreciative letters and valuable suggestions for improving the magazine. The number of such letters is so great that it would be impossible to reply to each one personally.

By the way, if YOU have not filled out that coupon, do so now. All replies will be tabulated and will be given due weight.

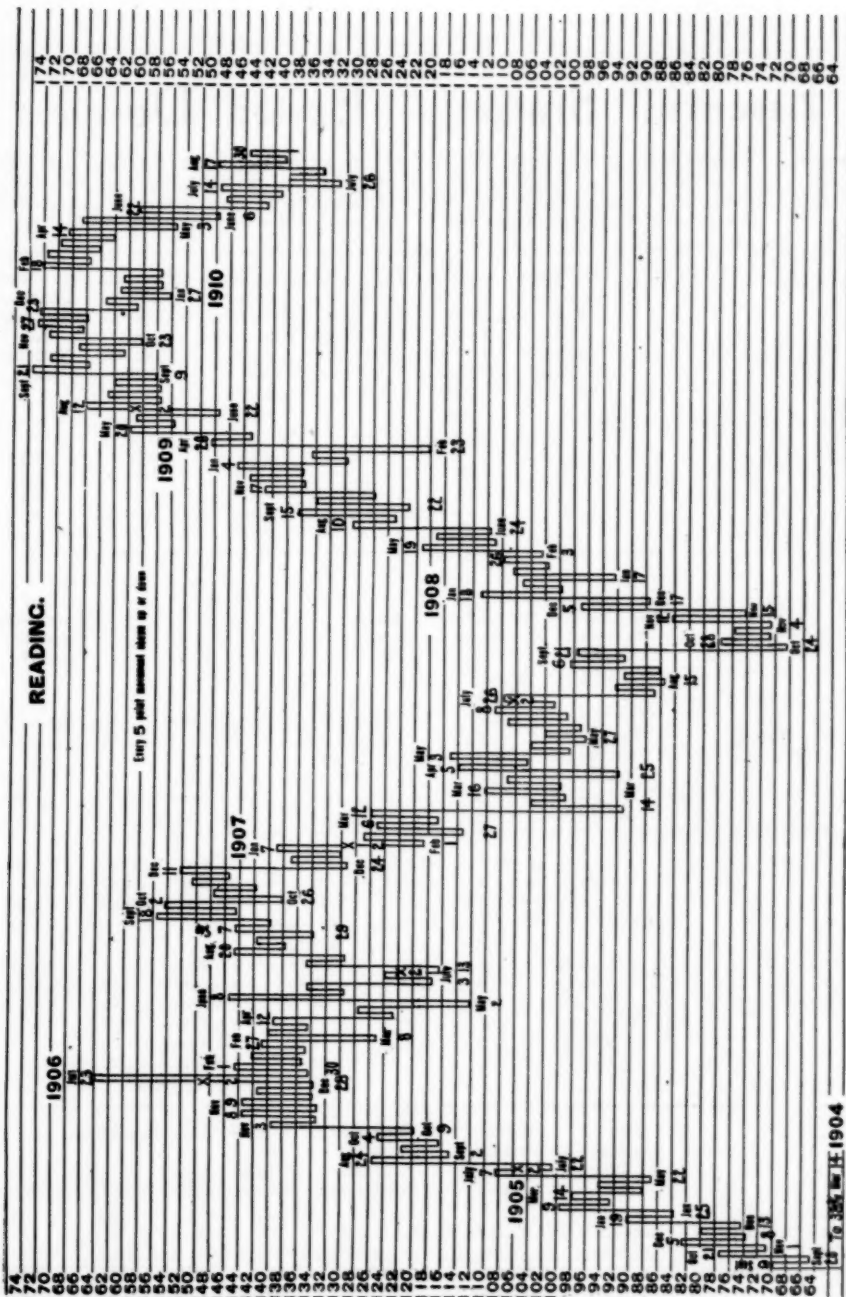
If you wish to be placed in touch with a responsible house, write **THE TICKER**, stating what amount you have for investment, or in what sized lots you wish to deal. Also state what large city is located most conveniently to you, or if you have any preference in this regard.

We refer our readers only to such houses as we would consider safe custodians of our own funds, but of course can take no further responsibility.



The Difference.

READING.



1904

Essential Statistics Boiled Down

THE figures below give a complete view of the financial and industrial situation. Under each head we give figures for the *latest* month available, for the preceding month (in some cases the preceding *two* months), and for the month corresponding to *latest figures* in each column, for each of the four preceding years.

	Average Money Rate Prime Commer- cial Paper, New York.	Average Money Rate Prime Commer- cial Paper, Foreign.	Per Cent. Cash to Deposits, New York Clearing- house Banks.	Per Cent. Loans to Deposits, New York Clearing- house Banks.	Per Cent. Cash to Deposits, All National Banks.	Per Cent. Loans to Deposits, All National Banks.
Sept., 1910	5¼	3¾	26.7	99.6	....	....
Aug., 1910	5¼	3¾	28.0	97.6	....	....
July, 1910	5¼	3¾	27.5	100.6	15.5	103.2
Corres'g mo., '09....	4¾	3¾	25.9	97.5	18.1	103.3
" " '08....	4¾	3	28.7	93.1	19.4	106.1
" " '07....	6¼	4¾	25.7	104.2	16.0	107.9
" " '06....	6½	3¾	25.5	102.8	16.1	104.5

	New Securi- ties Listed on New York Stock Exchange.	Money in Circulation Per Capita First of Month.	Bank Clearings of U. S.	Bank Clearings of U. S., Excluding New York City.	Balance of Gold Movements —Imports or Exports.
Sept., 1910		\$34.83			
Aug., 1910		34.63	\$11,508,403,000	\$5,046,133,000	Im. \$9,668,000
July, 1910	\$24,565,000	34.52	13,286,915,000	5,408,248,000	Im. 9,454,000
Corres'g mo., '09....	118,694,000	34.73	13,490,980,000	4,804,543,000	Ex. 3,879,000
" " '08....	69,885,000	35.07	10,248,695,000	4,023,582,000	Ex. 2,295,000
" " '07....	21,504,000	32.32	11,556,715,000	4,668,225,000	Ex. 1,373,000
" " '06....	21,497,000	32.59	13,143,574,000	4,310,373,000	Im. 7,374,000

	Bal. of Trade Imps. or Exports.	Bradst's Index of Commod- ity Pcs.	Gibson's Index Cost of Living.	Whole- sale Price of Pig Iron.	Produc'n of Pig Iron (in Tons).	Price of Copper, (Cents).	Produc- tion of Copper, (Lbs.)*
Sept., 1910		8.95	114.9	\$16.14		12.5	
Aug., 1910	Im. \$3,563,000	8.85	115.7	16.22	2,106,000	12.5	127,803
July, 1910	Im. 2,818,000	8.92	115.5	16.50	2,142,000	12.2	118,370
Corres'g mo., '09....	Im. 5,902,000	8.59	112.3	18.75	2,246,000	12.8	120,597
" " '08....	Ex. 19,216,000	7.90	106.3	16.87	1,348,000	13.3	
" " '07....	Ex. 1,464,000	8.82	112.3	21.19	2,250,000	15.6	
" " '06....	Ex. 24,104,000	8.45	.....	22.62	1,926,000	19.0	

* 000 omitted.

	Net Surplus of Idle Cars.	Building Operations, Twenty Cities.	Business Failures, Total Liabilities.	Crop Conditions.			
				Winter Wheat.	Spring Wheat.	Corn.	Cotton.
Sept., 1910	50,729				63.1	78.2	....
Aug., 1910	102,781	\$41,462,000	\$12,442,000	*	61.0	79.3	72.1
July, 1910	142,865	43,291,000	13,790,000	81.5	61.6	85.4	75.5
Corres'g mo., '09....	106,677	48,855,000	9,620,000	82.4	88.6	74.6	63.7
" " '08....	221,214	33,080,000	23,782,000	80.6	77.6	79.4	76.7
" " '07....		38,732,000	15,197,000	78.3	77.1	80.2	72.7
" " '06....		47,787,000	8,821,000	85.6	83.4	90.2	77.3

* Winter wheat crop est. 458,294,000 bu. against 446,366,000 in 1909.

The Market Outlook

By G. C. SELDEN

RECENT high and low prices made by 20 rails and 12 industrials as follows:

	Rails.	Industrials.
Low, July 26th.....	105.59	73.62
High, Aug. 17th.....	115.47	81.41

The following figure chart completes the chart on page 108 of the July TICKER down to date:

Jun. 6	Jun. 22	July 27	Aug. 17	Sep. 17
119				
118	118			
117	117			
116	116			
115	115	115		
	114	114	114	
	113	113	113	
	112	112	112	112
	111	111	111	111
		110	110	
		109	109	
		108	108	
		107	107	
		106		

It proved impossible to maintain the rally of August 17, but on the decline the market became very dull and at this writing it appears to be nearly in a condition of equilibrium. It is from such conditions of dulness and balanced interests that a sharp movement frequently begins.

Crops.—As more deeply fundamental than any other consideration, the crop outlook may be discussed first. September conditions compared as follows with 10-year averages:

September. 10-Year Average

Corn	78.2	79.5
Spring wheat ..	63.1	78.0
Oats	83.3	79.5
Barley	69.8	83.1
Buckwheat	82.3	87.0
Potatoes	70.5	79.8
Tobacco	77.7	82.3
Flax	48.3	86.6
Apples	47.8	54.7
Rice	88.8	88.4

Hay showed an indicated yield of 1.34 tons to the acre, compared with a ten-year average of 1.44 tons.

The present outlook, therefore, is for good crops of corn, oats and Winter wheat; but Spring wheat, barley, hay and all the minor crops except rice, are considerably below average condition. There still remains a possibility of injury to corn by frost. About 75 per cent. of the crop is now out of danger from this cause and the remainder will be safe by October 10th. A killing frost by October 1 would greatly reduce the corn yield. In any case the hope of bumper crops is past. On the other hand, there is to be no serious crop shortage. But the crops are not keeping

pace with the growth of population and such a harvest as would enable us to restore our unfavorable trade balance by big shipments of grain to foreign countries is entirely out of the question.

Money.—It now looks as though the danger of a severe Autumn stringency in the money market is practically over. The shrinkage in general trade throughout the country, although not as yet very marked, is likely to continue along with the increase in the demand for money for the Fall crop movement. Thus, as more money is needed to move the crops, it will be released from use in general trade and the moderate surplus of cash now held by the banks is likely to be sufficient.

Complete figures from the Comptroller's call for the condition of National Banks September 1st are not yet at hand, but preliminary statements indicate that a moderate improvement will be shown. Everything seems to indicate that a gradual contraction of credit is in progress throughout nearly the whole country. The condition of all national banks is becoming more and more important year by year. There are already 7,170 national banks in existence, against 3,617 in 1900, while the authorized capital of these institutions now exceeds \$1,000,000,000, as contrasted with \$616,000,000 a decade ago. The following table shows how the first half-year's record of new organizations compares with previous years:

	1901.	1903.	1906.	1907.	1908.	1909.	1910.
	No.	No.	No.	No.	No.	No.	No.
January ..	36	34	45	40	32	28	28
February ..	31	50	41	42	36	29	29
March	35	56	41	50	39	22	37
April	30	51	43	46	34	26	26
May	54	47	45	52	33	24	21
June	40	58	42	55	21	44	40

Total...226 296 257 285 195 164 181

Certain phases of the money situation well known in the West, do not receive the attention in the East that they deserve. For example, a Canadian despatch says: "From January 1 to July 1 last, 170,000 immigrants came into the country, 90,000 of whom were from the United States. It is estimated that each of these 90,000 Americans brought into the country one thousand dollars. Last year \$70,000,000 came into Canada this way, and this year it is anticipated the country will be richer by one hundred million dollars from this source alone."

The New York banks have lost, as was to be expected, a large part of the surplus recently piled up here to supply crop moving demands. Call money, however, continues to rule at 2 per cent. or lower and time money seems to be working a trifle easier. The rate for commercial paper is firmly held and bank-

ers are showing considerable caution in regard to business loans, owing to political and other uncertainties.

Business conditions.—The Steel industry is becoming very dull and there are reports of price cutting. Earlier in the year the lack of railroad orders for equipment was largely compensated by an increase in the volume of business received from manufacturing and building industries, but to-day there is almost as much decrease in new orders from structural trade as from the railroads themselves. As far as the railroads are concerned, there is no doubt that there is a large tonnage which must be released sooner or later. The engineering departments, and even the operating departments, have matured plans for improvements and equipment which would call for a large tonnage of steel, but as long as the present political and trade conditions continue, these orders are not likely to be released. The United States Steel Company's tonnage of unfilled orders for August 31 was 3,537,000, a decrease of 433,000 tons from July 31.

The copper situation is practically unchanged. With all the talk of overproduction, the world's visible supply has increased only 1,355,000 pounds since January 1st, so that a moderate curtailment of production would serve to restore a condition of balance in the industry. Bank clearings are now showing a general falling off in nearly all sections, reflecting the quieter tone of trade. Further contraction seems probable.

Railroad rates.—It is becoming more and more evident that any increases in rates will be obtained slowly and with difficulty. Shippers are actively opposing the increase, and the Interstate Commerce Commission is requiring the roads to prove conclusively the necessity of advances before they are granted. The roads are basing their argument chiefly on wage increases. The consolidated statement of railroads in official classification territory, as presented to the Commission, is as follows

Mileage	50,554
Freight revenue, 1909.....	\$742,327,785
Estimated revenue at new rates..	769,355,230
Net increase in freight revenue...	27,031,445
Increase in wages.....	34,756,519
Net deficit	7,725,075

Foreign trade.—The fact that our imports exceeded exports for August by \$3,563,000, again emphasizes the important consideration that we are buying from other nations more than we are selling to them. Our range of prices shows little signs of growing lower, as will be noticed from Bradstreet's and Gibson's index figures in "Essential Statistics." Our high prices attract sales from abroad and discourage purchases. Eventually we must pay for our excessive imports either by gold exports or by sales of securities abroad, and we cannot hope for a permanent era of prosperity until our price level is readjusted on a basis which will check imports and increase exports. This, however, is a factor which works slowly from year to year. It does not

immediately affect the stock market, but gradually undermines the basis of our prosperity.

Politics.—The small Republican majority in Vermont and the Democratic victory in Maine are generally taken to indicate the probability of a Democratic House in the next Congress. Should such a result be interpreted as bullish or bearish on the stock market? On the one hand, the Republicans have passed legislation which has been decidedly annoying to the great financial interests. Some financiers argue that even the Democrats could not do worse. And with a Democratic House and a Republican Senate and President, divided counsels would be likely to prevent hasty legislation. On the other hand, this growth of Democratic sentiment and the rapid development of insurgent or progressive Republicanism are undoubtedly merely an indication of the growing radicalism of the times. The gradual centralization of capital in a few hands has resulted in arousing antagonism among the people. Irrespective of parties, this radicalism is likely to make itself felt. While immediate political events may usually be disregarded, so far as stock market effect is concerned, this underlying radicalism cannot be so lightly disposed of and it has undoubtedly been an important factor in the long decline in the market since January 1st.

It still remains a factor. Securities are now down to a level where resistance is encountered and bear drives are not so effective as they were at higher prices; but the ghost is not yet laid. Some writers endeavor to belittle the importance of Roosevelt's enthusiastic reception on his Western trip, but Wall Street has nothing to gain by burying its head in the sand. Roosevelt's influence over the minds of the people is tremendous. It cannot be dissipated by slighting remarks in financial organs.

Summary.—In a prolonged bear market, there comes a time when a large number of people believe stocks are going up, when the market refuses to go lower, when the pressure of liquidation appears to be over, and when, in short, no reason seems apparent why the market should not go up except that it doesn't. From this level we have often had a final active break before the basis for an importance advance was reached. Of course we cannot assume that this final break will occur now because it has done so in the past. In fact, some of the bulls say that the taking over of the syndicate holdings of Rock Island and other stocks by Kuhn, Loeb & Co. took the place of such a break. We must recognize that a dull, sold-out market like the present contains the possibilities of a sharp rise, which might prove very uncomfortable for shorts. The majority of expert market advisers are now bearish or on the fence. (An exception should be made of Asbury, who is emphatically bullish.) It is not a time for short sales, however, unless carefully protected by stop orders. Buyers of high grade bonds should perhaps be looking for soft spots on which to accumulate.

Sept. 24, 1910.

